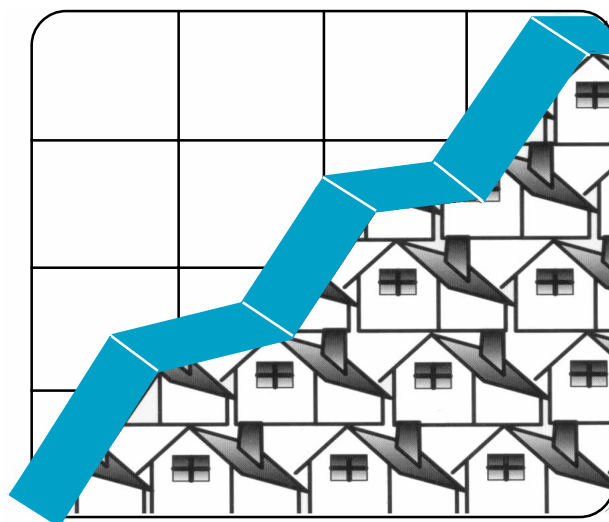


1996 FALL

Alaska Housing Market Indicators



1996
F A L L

PUBLISHED JULY 1997

Alaska Housing Market Indicators

Fall 1996

July-December 1996

Prepared by

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Published June 1997

Volume VI, Issue 2

ISSN 1063-374X



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By Mitzi Barker 4th Quarter 1993
4. Energy Efficiency and Economic Development in Rural Alaska
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By Grant Shimanek Spring 1996
11. Affordable Housing: Need and Economic Impact
By Miguel Barragan Fall 1996

Editor's Note



Change is an important fact of life, a vital necessity that renews and redefines our purpose, goals, and vision. As we celebrate *Alaska Housing Market Indicators'* 6th anniversary, we have embraced the idea of change for this publication. In this issue, we have condensed the narrative to give you a fast and accurate look at the most important changes during the last six months and the year that just ended. For an even faster glance at last year's activity, check the "Executive Summary," which also includes the trend charts of the main housing market indicators.

The new "1997 Construction Cost Survey" includes other interesting changes. The survey was moved up shortly after the new year and will be presented in future fall issues. Other changes for this issue are the inclusion of a cost table for doors and windows and data about transportation costs of the market basket. Future surveys will also include data about heating systems costs.

Prompted by our readers and the need for more current data due to our shift from quarterly to semiannual publishing, we are also changing the way we are releasing the data from our different surveys. Beginning the month of June, data will be released as it becomes available through the Alaska Housing Finance Corporation's Internet web site at <http://www.ahfc.state.ak.us>. The data release schedule can be found on the next page and also at the web site.

As a reminder, this current issue and past issue of the *Alaska Housing Market Indicators* are available through AHFC's Internet web site. Other information about AHFC's programs and divisions and useful links are also available in the site. Don't forget to check it out and bookmark it for future reference!

We hope these changes make the *Alaska Housing Market Indicators* a more useful resource. We would like to hear from our you about changes you would like to see in the next issue. Your comments and suggestions are welcome. Please contact us at:

Editor, Alaska Housing Market Indicators

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Data Release Schedule

F

or updated data release dates, check our Internet web site: <http://www.ahfc.state.ak.us/planning.htm>. For any questions, call, write, or e-mail the editor (see previous page for addresses and phone numbers).

AHFC Quarterly Residential Portfolio/New Alaska Housing Units

• 1997 First Quarter	60 days after quarter ends	Friday, May 30, 1997
• 1997 Second Quarter	45 days after quarter ends	Friday, August 15, 1997
• 1997 Third Quarter	45 days after quarter ends	Friday, November 14, 1997
• 1997 Fourth Quarter	45 days after quarter ends	Tuesday, February 17, 1998

Multiple Listing Service Data

• 1997 First Quarter	60 days after quarter ends	Friday, May 30, 1997
• 1997 Second Quarter	60 days after quarter ends	Friday, August 29, 1997
• 1997 Third Quarter	60 days after quarter ends	Friday, November 28, 1997
• 1997 Fourth Quarter	60 days after quarter ends	Monday, March 2, 1998

Quarterly Survey of Alaska Lenders

• 1997 First Quarter	81 days after quarter ends	Friday, June 20, 1997
• 1997 Second Quarter	81 days after quarter ends	Friday, September 19, 1997
• 1997 Third Quarter	81 days after quarter ends	Friday, December 19, 1997
• 1997 Fourth Quarter	81 days after quarter ends	Friday, March 20, 1998

Annual Rental Market Survey

• 1997 Second Quarter	Beginning of 3rd Qtr 1997	Tuesday, July 1, 1997
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Annual Construction Cost Survey

• 1998 First Quarter	Beginning of 2nd Qtr 1998	Wednesday, April 1, 1998
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Acknowledgment

We wish to thank the primary and secondary mortgage lenders listed below for responding to our quarterly survey of mortgage loan activity and for their willingness to continue to participate in future surveys. The list includes the major government and private providers of mortgage funds in Alaska. Some of the participants are primary mortgage lenders. That means they originate loans to keep in their own portfolios or to sell them to participants in the secondary mortgage market. Institutions such as Alaska Housing Finance Corporation and Federal National Mortgage Association (Fannie Mae) operate in the secondary mortgage market, purchasing mortgages originated by primary lenders. Secondary mortgage activity is an important source of liquidity for mortgage lending. Although primary lenders and secondary purchasers differ, both provide financing for Alaskans to buy homes. For the purposes of this report, maintaining the distinction is not particularly important. Therefore, occasionally, there will be a reference to “lenders” or to “other lenders,” some of which are primary lenders and some secondary purchasers. Unless the difference is critical to the discussion, no distinctions are made.

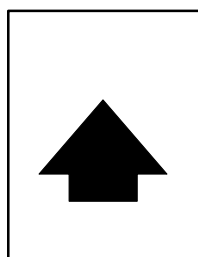
Alaska Federal Savings and Loan
Alaska Housing Finance Corporation
City Mortgage
Denali State Bank
Federal National Mortgage Association
First Bank of Ketchikan
First National Bank of Anchorage
Key Bank of Alaska
Mt. McKinley Mutual Savings Bank
National Bank of Alaska
Northrim Bank
Rural Development (formerly USDA Farmers Home Administration)
Seattle Mortgage

Executive Summary

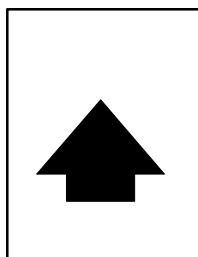
Housing Market Indicators

January-December 1996

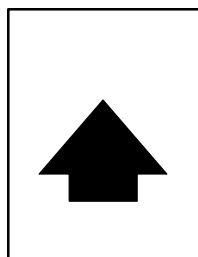
Compared with January-December of 1995



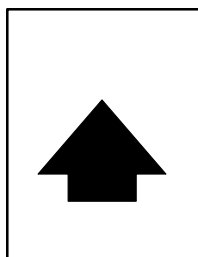
Mortgage Loan
Rates



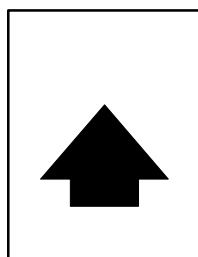
New Housing
Units
Authorized



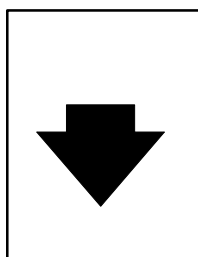
Home Prices



Wage and
Salary
Income



Dollar Volume
of Loans



Affordability

1

1996 was an good year for the housing industry. Even though the total number of loans decreased slightly from last year, the total dollar volume was maintained at almost the same level. For 1997, economists forecast a fairly stable market with a modest growth by the end of the year.

The average annual interest rate for single-family homes, weighted by dollar loan volume, rose from 7.68% in 1995 to 7.85% in 1996. Interest rates continued their upward tendency until April 1997 when they started to decline. Experts say the interest rates will remain fairly stable for the rest of 1997, around the 8% level.

Statewide loan activity was much stronger than expected in 1996. Total statewide dollar loan volume recorded a slight increase compared to 1995 as interest rates and home prices rose. Total volume grew from \$1,085 million to \$1,094 million, an increase of 0.9%. Without the 5% Loan Program in 1995, the volume would have shown a 9.9% increase in 1996 compared to 1995.

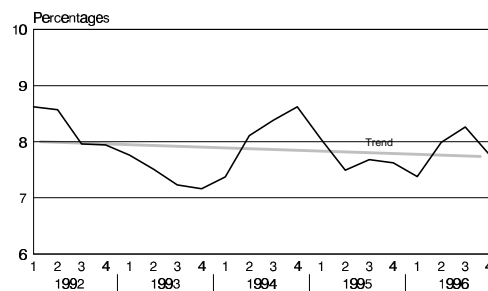
Due to rising home prices, average loan amounts rose beyond the highest levels recorded in 1995. Overall statewide average for single-family homes increased to \$154,262 in 1996, a rise of 6.5% from 1995. One of the primary reasons for the higher prices was the higher cost for building materials, and the increase in amenities such as fireplaces, and larger bathrooms and kitchens. The 1996 home can be characterized by being more a trade-up home than those in 1995. The aggregate value of new homes sold in 1996 exceeded the value of homes in the prior year.

Average statewide monthly-wage income rose to \$2,729 during 1996. This increase represents only a 1.4% increase over the 1995 level. However, in real terms, average wage income continues its trend downward. This slight gain was not enough to offset the increases in interest rates and sale prices, and affordability was greatly affected. The statewide affordability index for single-family homes rose from 1.36 in 1995 to 1.45 during 1996. This means that to qualify for a 30-year mortgage with 15% down and an interest rate of 7.85% households would need approximately 1.5 earners receiving the average monthly-wage. The index continues to increase, and that means that qualifying for a loan will be even more difficult.

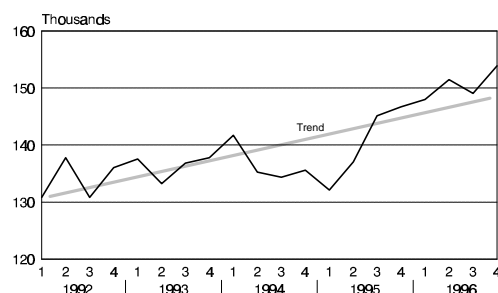
Total statewide permit issuance in 1996 was the strongest in the past 11 years. Building permits issued in 1996 exceeded 1995 by 10.9%. All major urban areas participated in the expansion. Other areas that reported significant increases included Northwest Arctic, Bristol Bay, Kodiak, and Prince of Wales-Outer Ketchikan. Permitting activity continued its trend upward.

The results of the 1997 construction cost survey are published in this issue. The survey reports on the cost of 18 items or "market basket" necessary to build a model single-family home in selected urban and rural areas of the state. Comparing 1996 and 1997, costs were lower for all areas except Anchorage, Juneau and Fairbanks. The gap between the cheapest community (Juneau) and the most expensive (Barrow) narrowed to 202% difference in price from 212%. Most of the rural sites benefited, from due to decreased shipping and handling costs, while prices in major urban areas like Fairbanks and Anchorage suffered increases due a busy construction season.

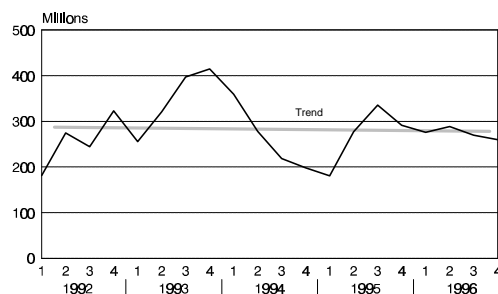
Interest Rate



Average Sales Price

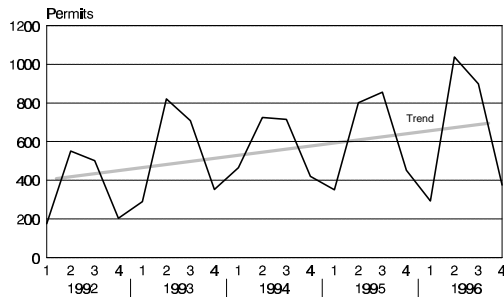


Dollar Volume of Loans



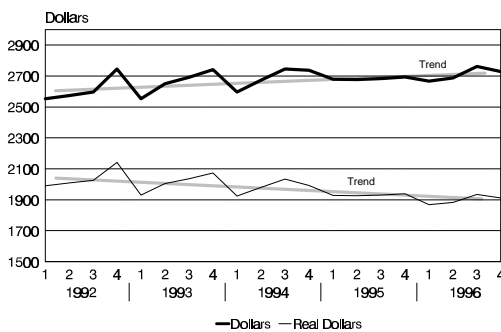
Source: Alaska Department of Labor, Research and Analysis Section.

New Housing Units



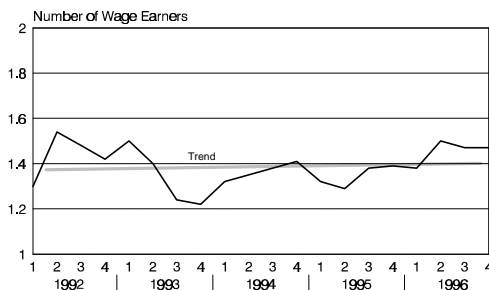
The forecast for the rest of 1997 is that the housing market will remain fairly stable. It is expected that it will start to increase during 1998. The major concerns during this year are the escalating home prices and the flattening of wages. This will greatly affect affordability and will make it harder for low-income borrowers to become homeowners.

Wages



AHFC is already working on new programs to help low-income families achieve their dreams. AHFC's new Interest Rate Reduction for Low-Income Borrowers Program aims to offset these negative effects of increasing sale prices and interest rates and to restore some of the affordability for potential homebuyers. Check out our feature article for more information about AHFC programs and their economic impact.

Affordability Index



*Note: The **Affordability Index** is the number of earners needed to qualify for an 85% mortgage. Contrary to other common indexes, this one decreases when affordability improves and increases when affordability declines. Therefore, a **smaller affordability index or a decrease is always more favorable to buyers**. Source: Alaska Department of Labor, Research and Analysis Section.*

Source: Alaska Department of Labor, Research and Analysis Section.

Affordable Housing: Need and Economic Impact

by Miguel Barragan

Alaska's long-term economic viability is being confronted by a growing crisis in housing. New housing is being built, but population and new household formation are growing at twice the rate of new-housing construction. The maintenance and rehabilitation of existing housing is another area of great concern. Low- to moderate-income households are impacted the greatest by this problem, but all Alaskans will feel its effects in the years ahead.

Housing is one of the most important factors for economic growth. The development and rehabilitation of housing provides employment, income, business development, capital formation, community infrastructure, and an expanding tax base. The economic multiplier effect of housing development is among the highest of any industry and expands several times through the economy, creating jobs and income in other sectors. Housing development creates about 10¹ jobs for every \$1.0 million invested in new construction, and 16.9 jobs for every \$1.0 million invested in maintenance and rehabilitation of housing.

Housing development not only fosters economic growth, but also serves as a barometer of social conditions. Good housing-stock conditions and proper development provide very important social benefits. Even though these benefits are difficult to measure, they are vital for the development of a healthy economy. These benefits include: citizen participation, lower crime rates, higher self-esteem, positive motivation, and a better environment to raise children, among others.

As our state attempts to expand the economy and our population grows, housing production must also grow. In Alaska, however, housing development, and especially the development and rehabilitation of affordable housing, have been affected by an economic plateau during the 1990^s. Additionally, the existing housing stock keeps deteriorating, and proper efforts to develop more affordable housing is limited by economic and political realities.

The Need for Affordable Housing

Although technical definitions may abound, a generic definition of affordable housing by the U.S. Department of Housing and Urban Development is housing for which the cost does not exceed 30% of the renter's or owner's gross income. Affordable housing allows renters or owners access to decent, safe, quality housing, while allowing for the satisfaction of other important needs, such as food, education, health care, transportation, etc. Availability of affordable housing is critical in the development and well-being of most Alaskans, especially in the rural areas where the state's lowest-income households reside in seriously overcrowded or unsafe, unhealthy homes. The state's housing affordability-gap will keep widening as important factors, such as population growth, welfare reform, weak income growth, and federal and state budget cuts, threaten to slow down the development of the state.

Population Growth

Alaska's population, for example, will continue to grow at a slow but steady pace. From 1990 to 1995, Alaska's population grew 11.97%, and the number of households grew 13%, while the housing stock grew only 5% during the same period². One of the segments of the population that has grown fastest is the seniors. During the 1990-1995 period, the senior population grew 25%³. Also, according to the Alaska Department of Labor, during the next few years, the population change in the state will continue to be strongly influenced by births due mainly to the increased percentage of young people in the state.

***From 1990 to 1995,
Alaska's population grew
11.97%, and the number
of households grew 13%,
while the housing stock
grew only 5%.***

Welfare Reform

Recent Welfare Reform will greatly affect an increasing number of families in the coming years. Recipients of welfare will have a five-year life time limit on Temporary Assistance to Needy Families (TANF). In Alaska, about 4,805 individuals currently receiving assistance will lose their benefits. One third of those losing benefits are children under the age of 18 or seniors above the age of 64⁴. In addition to the loss of benefits, 7,000 recipients will have to meet federally mandated work requirements in the next two years⁵. Placing

In Alaska about 4,805 individuals currently receiving assistance will lose their benefits. A third of those losing benefits are children under the age of 18 and seniors above the age of 64.

this number of families into a work activity will not be easy, especially when employment is expected to grow a meager 1%, or 2,550 jobs, in 1997⁶. These families will be forced to work in low-pay jobs to continue to receive assistance. Recipients of housing assistance will also see benefits decrease as this assistance is counted as part of their overall benefits.

Housing is the major critical need not addressed by Welfare Reform. Access to affordable housing will be a key component in these individuals' struggles to become self-sufficient and for the overall success of the reform. Already more than 4,000 families are waiting to receive rental assistance in the state.

Alaska Housing Finance Corporation (AHFC) estimates that the number of families on the waiting list for rental assistance programs will continue to increase as more families see their benefits decrease and affordable housing options become more scarce.

Federal and State Budget Cuts

The trimming of federal programs, and the continued scrutiny by Congress of the existing housing programs will further put the development of affordable housing in jeopardy. Affordable-housing projects rely to a great extent on the actions of the government and its funding. Less funding simply means that the state will have to decide whether it wants to put more of its own money into the equation, and that other sources, including private funds, must come into play to make projects financially feasible.

Lower-Wage Job Base

The outlook for Alaska's job market offers many challenges. The trend toward a lower-wage work force in Alaska will continue, as the state's employment in high paying industries, such as construction, oil, and timber, continues to decline. Added to this is a shrinking of federal and state employment, while the retail and service employment, along with its lower wages, will continue to grow. Overall job growth is projected to continue, but at a rate somewhat lower than the 2% per year average, which has been the benchmark for the past few years.

All of these factors and trends will converge into a period of slow economic development with the resulting lowering of living standards for many Alaskans. Those in the lowest end of the social scale, are in greatest danger of becoming more poor and segregated. The low-wage and part-time nature of many of the new jobs created will limit the household income of many workers and the amount of income available for housing. Declining household incomes may be out of step with housing costs, which were set when the economy was composed of higher-wage jobs and interest rates were high. In rural areas, the picture is not much different. Despite continuous efforts to foster economic-development opportunities in rural communities, this situation is not expected to change significantly in the short and medium term. Both of these trends point to an ongoing, increasing need for affordable housing for lower- and moderate-income Alaskans.

The low-wage and part-time nature of many of the new jobs created will limit the household income of many workers and the amount of income available for housing.

Fostering the Development of Affordable Housing

One of the primary tools for developing affordable housing is partnerships. Partnerships with private sources is and will remain, a key component in the development of affordable housing. Government must maintain a prominent role in providing the right combination of incentives for development in the private sector to thrive.

On behalf of the State, Alaska Housing Finance Corporation has developed, and has made every effort to maintain, key programs that provide incentives for the production of housing, especially that designed for low-income families. As an example of how a few actions and incentives work to create housing, we can cite some of the most successful programs that AHFC has implemented in the recent years.

Since 1994, the HOME Investment Partnerships Program, Low-Income Housing Tax Credit Program, and Senior Citizen's Housing Development Fund have helped to develop more than 900 new units around the state. These programs, which combine federal and state funds, have been the primary vehicle for the development of affordable housing.

The HOME Investment Partnerships Program is funded by the U.S. Department of Housing and Urban Development (HUD) with a state match of 25%. All housing developed with HOME funds must serve low- and very low-income families. Rental restrictions are in place to ensure housing affordability to income-targeted tenants. The Low-Income Housing Tax Credit Program helps developers to reduce their federal income tax in exchange for developing low-income housing. The Internal Revenue Service (IRS) places restrictions on the properties for which tax credits are received. Among those

restrictions are the reservation of 40% or more of the units for low-income families, and that rents charged can be no more than 30% of the median monthly income of the tenant.

The Senior Citizen's Housing Development Fund is financed with AHFC money to develop senior-housing facilities. However, the availability of this program's funds is subject to approval by Alaska's governor and state legislature, as part of AHFC's annual capital budget. Unfortunately, the legislature has decided to eliminate this important program, which has helped develop 295 housing units. This will definitely affect the housing availability for the growing population of seniors in Alaska.

The Multifamily, Congregate and Special Needs Housing Loan Program assists qualified nonprofit housing providers and for-profit companies in financing multifamily complexes for low- and moderate-income, and special needs housing. Since its inception, this program has provided more than \$70 million in loans to develop more than 1,400 affordable housing units statewide.

The Loans to Sponsors Program provides bond-backed loans to non-profit corporations, regional housing authorities, and state and municipal agencies to meet housing needs throughout the state. Proceeds of the loans may be used to provide housing loans or loans to improve the quality of housing for persons of low- to moderate-income or in remote and underdeveloped areas of the state.

AHFC's Tax -Exempt program's interest rate is one of the lowest in the country, due to its excellent bond ratings.

In addition to these programs that help to develop affordable housing alternatives for Alaskans, AHFC also has implemented homeownership programs. The Tax-Exempt program provides low-interest financing to first-time homebuyers. This program is funded through the issuance of non-taxable bonds. Thanks to the excellent bond ratings AHFC has achieved in the bond market, the interest rates offered through the Tax -Exempt program are one of the lowest in the country.

AHFC also recently unveiled the new Interest Rate Reduction for Low-Income Borrowers. This loan feature aims to provide affordability to potential homebuyers by reducing the interest rate of their mortgage loan. When used in conjunction with other AHFC's other loan programs, low-income homebuyers can receive up to 2% interest reduction on their mortgage. It is expected that this new program will bring positive effects to the industry, as the 5% Loan Program did in 1995. The 5% Loan Program made it possible for many low-income borrowers to have access to homeownership with 5% interest mortgages when the average interest rate for conventional loans was around 7%. The 5% Loan Program also prompted the absorption of inventories of lower-cost homes, spurring new construction of additional units.

Economic Impact of AHFC Programs

The programs of AHFC have a major impact upon Alaska's economy. As a conduit from international capital markets to the state's housing market, AHFC accesses the lowest-cost capital available for its mortgage-lending programs. Several key AHFC programs act as a catalyst for the construction or rehabilitation of affordable housing. AHFC administers and provides the required match for several important federal housing programs. By encouraging private- and public-sector partnerships, scarce housing resources are effectively stretched and leveraged. This leveraging has tremendous economic benefit to Alaska.

The economic impact of AHFC touches the lives of one in every five Alaskans. More than 130,000 Alaskans are directly or indirectly affected by AHFC programs. AHFC is best known for providing mortgage financing; however, its diverse programs include planning, direct and pass-through grants, technical assistance, tax credits, affordable rental housing, energy/weatherization programs, infrastructure development for regional housing authorities' housing projects, interest-rate reductions, job training, drug-elimination programs, computer learning centers, breakfast for children, programs to coordinate social services, self-sufficiency programs, senior housing, and youth sports activities. Although these programs address the different needs the state demands, their common denominator is the positive effect that ripples throughout the economy and reaches almost every sector of it.

AHFC's programs directly or indirectly affect the lives of one in every five Alaskans.

AHFC is a self-supporting agency. Funds to maintain its operations come from its earnings and not from the State's general fund. About 20% of the total funding for AHFC's programs comes from federal sources, especially through entitlements and grants from the U.S. Department of Housing and Urban Development. The remaining 80% comes from AHFC bond sales and mortgage loan and investment earnings.

The Alaska Housing Finance Corporation is a renewable resource for affordable housing development. It does not compete for the limited state resources available for health, education, and welfare for Alaskans. Instead, AHFC facilitates the creation of more than 3,000¹ jobs statewide through programs and activities that will inject more than \$380 million into Alaska's economy during the current fiscal year (Table A). This amount does not include the operating expenditures, which will add another \$32 million to Alaska's economy in the form of staff salaries, office overhead, space rent, etc.

AHFC facilitates the creation of more than 3,000 jobs statewide.

AHFC Programs

Annual Funding Summary

Table A

Fiscal Year 1998 (July 1, 1997 – June 30, 1998)

Program	Description	Sources		
		Federal	AHFC	Total
AHFC Energy Programs	Energy rating marketing and technical assistance	0	600,000	600,000
AHFC Federal and Other Competitive Grants	Matching funds for grants	3,000,000	500,000	3,500,000
AHFC Homeless Assistance Program	One-time aid for emergency needs	0	250,000	250,000
AHFC Low-Income Housing Tax Credit	Acquisition, rehabilitation, new construction	766,193	0	766,193
AHFC Low-Income Housing Weatherization	Weatherization & retrofit of housing	1,200,000	4,000,000	5,200,000
AHFC Matching Grants	Homeless & special needs housing & supp. services	0	500,000	500,000
AHFC Mortgages - Energy Rate Reduction	Interest rate reduction for energy efficiency	0	6,000,000	6,000,000
AHFC Mortgages - Multifamily/Spec. Needs	Multifamily, special needs, congregate & senior progs.	0	38,000,000	38,000,000
AHFC Mortgages - Other Programs	Mobile Homes/Non-conforming/Seconds	0	2,000,000	2,000,000
AHFC Mortgages - Rural Housing	Mortgages for rural areas	0	50,000,000	50,000,000
AHFC Mortgages - Tax-Exempt	First-time homebuyer mortgages	0	75,000,000	75,000,000
AHFC Mortgages - Taxable	Conventional single-family mortgages	0	39,000,000	39,000,000
AHFC Mortgages - Veterans Program	Tax-exempt veterans loan program	0	75,000,000	75,000,000
AHFC PH Competitive Grants	Matching funds for grants	2,000,000	250,000	2,250,000
AHFC PH Comprehensive Grant Prog.	Rehab., management improvements of public housing	3,100,000	0	3,100,000
AHFC PH Energy Conservation Retrofit	Energy efficiency modifications	0	450,000	450,000
AHFC PH Environmental Clean-up/Abatement	Underground tank replacement	0	500,000	500,000
AHFC PH Operating Subsidy*	Operating costs	6,083,752	0	6,083,752
AHFC PH Renovation	Renovation of Spruce Park in Fairbanks	350,000	7,000,000	7,350,000
AHFC PH Senior/Statewide Deferred Maint.	Maintenance for senior and statewide units	988,900	1,000,000	1,988,900
AHFC Senior Housing Designated Grants	Housing for elderly	0	1,830,000	1,830,000
AHFC/DHSS Mental Health Housing	Independent supervised living facilities	0	1,200,000	1,200,000
AHFC/HUD Suppl. Housing/Indian New Devlp.	Augments Indian housing development	39,089,800	6,000,000	45,089,800
AHFC/HUD HOME	Rehab., new constuction, homebuyer assistance	3,000,000	750,000	3,750,000
AHFC/HUD Section 8 Vouchers/Certificates*	Rental assistance to low-income families	13,896,410	0	13,896,410
Total		\$73,475,055	\$309,830,000	\$383,305,055

Source: Alaska Housing Finance Corporation. Consolidated Housing and Community Development Plan for the State of Alaska 1995-2000. Fiscal Year 1998 Annual Action Plan.

Notes: AHFC =Alaska Housing Finance Corporation, PH= Public Housing.

Miguel Barragan is a research analyst for the Alaska Housing Finance Corporation's Planning and Program Development Department, and the editor of this publication.

AHFC's role in Alaska illustrates how important housing programs are to the economy. It also makes clear how important the continuation of these programs will be for the thousands of Alaskans who must become self-sufficient in the coming years. The need for development of affordable housing will only keep growing in the future. Even though political realities may dampen AHFC's efforts to promote housing development, AHFC will struggle to maintain its important mission of providing safe, quality, affordable housing for all Alaskans.

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March 1997

Section 1

Results of the Quarterly Survey of Alaska Lenders

Loan Activity Increased in 1996

Table 1-1 to 1-2

Overall, home financing was much stronger than expected in 1996 than 1995, considering that the prior year was bolstered by the 5% Loan Program. Although homebuyers had to contend with rising home prices and higher interest rates, statewide employment grew for the ninth consecutive year in 1996 due to continuing strength in the expanding services sector and selected retail trade, and a healthy tourism season. Unfortunately, the trend of the economy is downward, with job growth at 0.6% in 1996, which was almost half of last year's 1.0% increase and one-quarter of both 1993 and 1994. Consequently, if the employment picture continues to weaken, it will directly affect the housing-market picture for 1997.

Section 1

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Total Loan Volume Rose in 1996

The annual loan volume was impacted by AHFC's 5% Loan Program, which accounted for one out of 10 loans in 1995. Excluding the 5% Loan Program from the final 1995 results, total loan volume in 1996 would have increased by 9.9%.

- Total dollar volume grew from \$1,085.0 million in 1995 to \$1,094.5 in 1996, an increase of 0.9%
- Single-family volume increased only 1.3%, while condominium volume fell 10.5%

Comparing the second half of 1995 and 1996, loan volume was lower by 15.5%. Regionally, the only area to gain in total loan volume during the second half was the Rest of State (8.2%). Most areas reported significant losses during the second half when compared to 1995, including Anchorage (27.4%), Juneau (23.1%), and Ketchikan (19.8%). This was due mainly to the effects of the 5% Loan Program during the last months of 1995, and rising interest rates during the same period in 1996.

Although total loans have declined the past three years, loan dollar volume has increased due to rising loan amounts and sales prices.

- The total number of loans fell from 9,126 in 1994 to 8,998 in 1995 and 8,778 in 1996.
- Total market value, which represents the sum of sales prices, rose in 1996, with a 4.0% increase from \$1,270.5 million to \$1,321.4 million.

Single-Family Loan Activity Summary

Including AHFC, Selected Areas

4th Qtr 1996

Table 1-1

Location	Number of Loans	Average Loan	Total Loans	Percent Loan Volume	Average Sales Price	Total Sales	Percent Total Market Value	
Anchorage	1,048	\$136,500	\$143,051,708	54.7%	\$163,659	\$171,514,269	54.3%	<i>Note: Based on survey of 14 private and public mortgage lenders.</i> <i>Source: Alaska Department of Labor, Research and Analysis Section.</i>
Mat-Su	219	104,322	22,846,549	8.7%	124,108	27,179,646	8.6%	
Fairbanks	296	102,856	30,445,230	11.6%	123,395	36,524,780	11.6%	
Kenai	140	100,255	14,035,761	5.4%	121,484	17,007,786	5.4%	
Juneau	139	149,529	20,784,494	7.9%	187,100	26,006,835	8.2%	
Ketchikan	38	137,541	5,226,548	2.0%	169,890	6,455,820	2.0%	
Rest of State	186	136,080	25,310,863	9.7%	167,272	31,112,646	9.9%	
Statewide Total	2,066	\$126,670	\$261,701,153	100.0%	\$152,857	\$315,801,782	100.0%	

Condominium Loan Activity Summary

Including AHFC, Selected Areas

Table 1-3

4th Qtr 1996

Note: Based on survey of 14 private and public mortgage lenders.

Source: Alaska Department of Labor, Research and Analysis Section.

Location	Number of Loans	Average Loan	Total Loans	Percent Loan Volume	Average Sales Price	Total Sales	Percent Total Market Value
Anchorage	82	\$73,251	\$6,006,614	78.4%	\$81,427	\$6,677,012	78.1%
Mat-Su	0	-	-	0.0%	-	-	0.0%
Fairbanks	6	70,509	423,055	5.5%	76,167	457,000	5.3%
Kenai	0	-	-	0.0%	-	-	0.0%
Juneau	8	102,624	820,993	10.7%	122,280	978,239	11.4%
Ketchikan	1	110,150	110,150	1.4%	127,000	127,000	1.5%
Rest of State	3	101,417	304,250	4.0%	104,000	312,000	3.6%
Statewide Total	100	\$76,651	\$7,665,062	100.0%	\$85,513	\$8,551,251	100.0%

Statewide Average Single-Family Sales Prices Rose

Figure 1-1

The overall statewide average price for single-family homes increased during 1996. The primary reasons for the higher prices were higher costs for building materials than the prior year and the increases in amenities (fireplaces, large bathrooms, and kitchens).

- On an annual basis, the statewide average price for single-family homes increased from \$144,869 in 1995 to \$154,262 in 1996, a rise of 6.5%. Average sales prices for condominiums increased from \$81,641 to \$83,843.
- The statewide average price was 3.8% higher during the second half of 1996 than the prior year period, rising from \$145,853 to \$151,399.

Regional comparisons between the second half of 1995 and 1996 showed overall sales prices higher in 1996 than 1995, for all areas. In terms of single-family homes, all the areas increased, with Juneau posting the greatest change, as average sales prices rose 9.7% from \$174,029 in 1995 to \$190,870. The anticipated mill closure at Ketchikan may have dampened prices, causing the smallest change from the prior year levels at 1.4%. During the last six months of 1996, Juneau had the highest prices, while Kenai had the lowest average prices at \$122,990. The average single-family home sold in Anchorage for \$165,040 during the second half of 1996, which represented an increase of 5.8% from the prior year.

Anchorage continued to account for three-quarters of the state's total condominium activity. Sales prices in Anchorage fell from \$83,515 to \$82,085, a 1.7% decline during 1996's last half. Fairbanks was the second most active region for condominium sales during the comparison period, with prices remaining mostly unchanged from the prior year.

Nationally, home values appreciated 5.2% in 1996, which followed a 4.3% gain in 1995, according to the Federal Home Loan Mortgage Corporation. For the first time in a decade, prices of existing homes outpaced inflation, with the median price rising by 5.2% in nominal terms and 2.2% in real terms.

Loan-to-Value Ratios and Third-Party Guarantees

Figure 1-2

The loan-to-value (LTV) measures the risk a lender is willing to accept by comparing the mortgage loan to the sales price. With a lower LTV, the borrower has more exposure by providing a larger down payment. As the LTV increases, the lender is willing to accept a smaller down payment.

- LTV ratio dropped from 85.4% in 1995 to 82.8% in 1996. The results were skewed due to the 5% Loan Program.
- Excluding the 5% Program with its annual LTV of 95.0%, the adjusted 1995 LTV would have been 81.7%.

The adjusted LTV for 1996 was higher than 1995, indicating that lenders were still willing to accept the prevailing market risks during the past year. The second half of 1995 had an LTV of 84.1% compared to an 83.3% LTV in 1996. The 5% loans had minimal impact for 1995, as the LTV remained unchanged excluding the 5% loans.

Of the total dollar value of loans made in Alaska during the last six months of 1996, 44.8% were insured or guaranteed by the Federal Housing Administration (FHA), Veterans Administration (VA), U.S. Department of Housing and Urban Development (HUD), or by private mortgage insurance (PMI). This was down from 50.5% in the prior year due to the 5% Program loans having mandatory insurance guarantees.

Guarantees fell for single-family loans (50.1% to 43.6%) but rose for condominium loans (63.8% to 82.6%) over the same period.

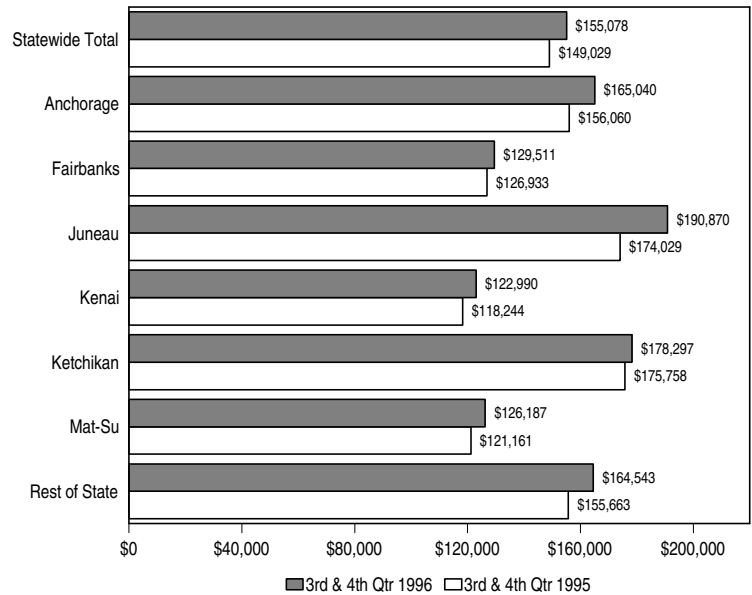
Average Sales Price

Single-Family Homes

Figure 1-1

3rd and 4th Qtr 1996 vs 3rd and 4th Qtr 1995

Source: Alaska Department of Labor,
Research and Analysis Section.



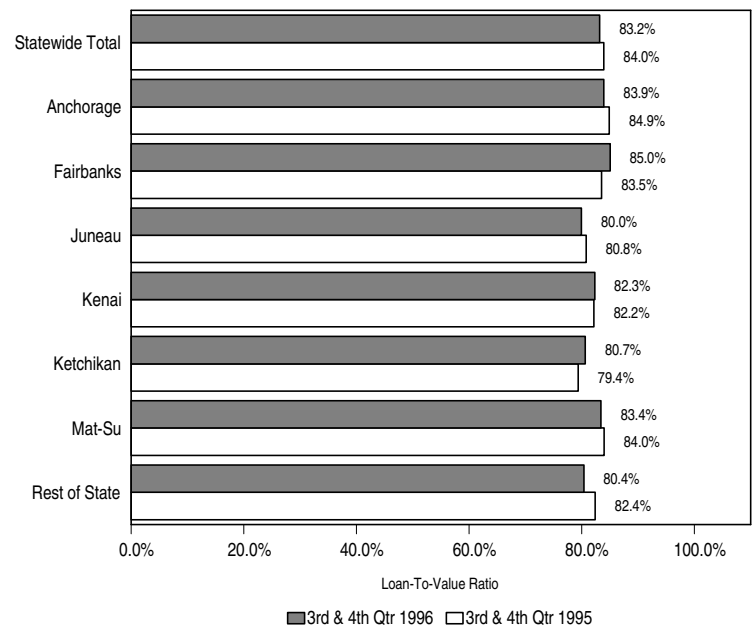
Average Loan-to-Value Ratios

Single-Family Homes

Figure 1-2

3rd and 4th Qtr 1996 vs 3rd and 4th Qtr 1995

Source: Alaska Department of Labor,
Research and Analysis Section.



Interest Rates

Statewide, the average annual interest rate for single-family homes, weighted by dollar loan volume rose. The 5% Loan Program slightly impacted the overall results. Without the program, the 1995 average rate would have exceeded the 1996 rate.

- Statewide, interest rates for single-family homes rose from 7.68% in 1995 to 7.85% in 1996.
- Nationally, the rate rose from 7.71% to 7.85% in 1996.
- All but two lenders reported a rise in interest rates from the prior year. AHFC reported the lowest rates both during the last half of 1996 (7.19%) and 1996 overall (6.98%).

There is concern about rates moving higher during 1997. Industry economists still believe that even though rates have increased, 8% mortgages still remain attractive. However, the higher rates could squeeze some first-time homebuyers out of the market or reduce the size of the home that some buyers can afford.

Wage Income

Figure 1-3

Although seven out of 10 boroughs and census areas reported declines in average wage income, there were nine areas, including Anchorage, which were strong enough to pull up the statewide average. The statewide figures are highly influenced by Anchorage, since it accounts for almost half (48.0%) of the total wages in the state.

- On an annual basis, the statewide average wage income increased 1.4%, or \$38, from \$2,691 to \$2,729.
- During 1996, Anchorage saw wages increase 3.1%, from \$2,790 in 1995 to \$2,876 in 1996.
- The second half of 1996, when compared to the 1995 period, saw wages increase 1.5%, from \$2,703 to \$2,744 statewide.

Based upon income information from the Federal Bureau of Labor Statistics for 1995, Alaska's wages grew at the slowest rate in the nation, by a paltry one-tenth of one percent (0.1%). With the inflation rate at 2.9% during 1995, most families in Alaska were unable to stay ahead of inflation. Nationwide, wage growth had averaged 3.6% in 1995. Alaska income will likely remain stagnant as the federal government and oil industry continue to shed high paying positions, while the retail and service sectors are expanding, much like 1995.

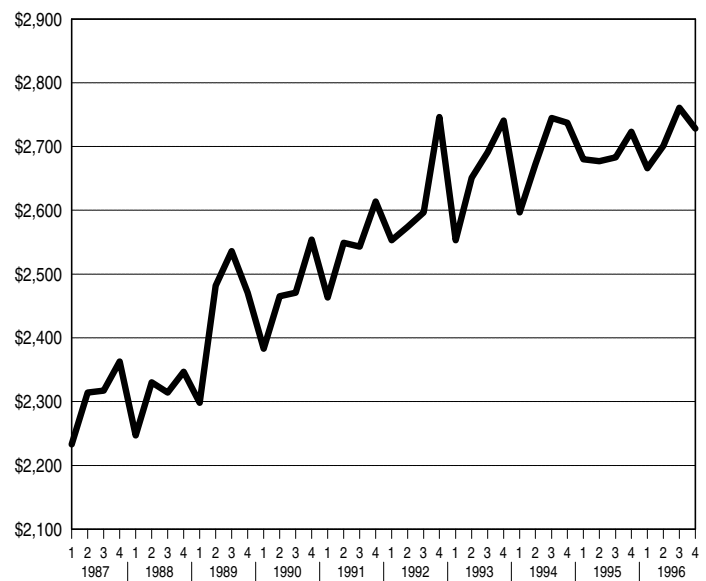
Average Monthly Wage Statewide

Figure 1-3

1st Qtr 1987 - 4th Qtr 1996

Note: Data for the 4th Quarter 1996 is preliminary.

Source: Alaska Department of Labor, Research and Analysis Section.



Alaska Affordability Decreases

Figure 1-4

The statewide affordability index for single-family homes rose during 1996, which meant that homes became less affordable. Both interest rates and sales prices worked against homebuyers in 1996. Interest rates rose from 7.68% in 1995 to 7.85%, and average home prices rose from \$144,869 to \$154,262. The only favorable component was wages which grew only 1.4% and could not offset the increases in interest rates and sales prices.

- On an annual basis, the statewide affordability index for single-family homes rose from 1.36 in 1995 to 1.45 during 1996.
- The affordability index jumped from 1.27 in 1995's second half to 1.44 in 1996.

This meant that to qualify for a 30-year mortgage with 15% down and an interest rate of 7.85%, households would need approximately 1.5 earners receiving the average wage. If the index continues to increase, qualifying for a loan will be even more difficult.

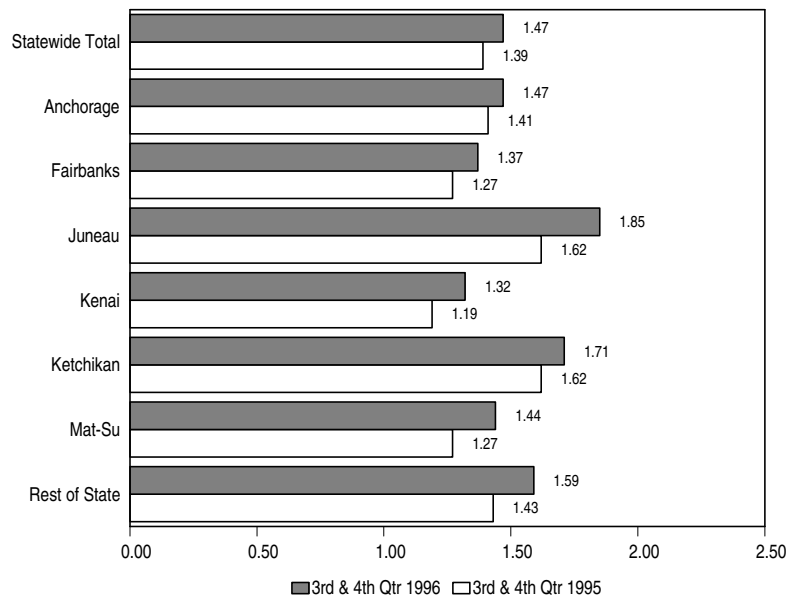
All regions in the state reported a higher affordability index from the prior year. Mat-Su had the greatest change as all components worked against homebuyers. The most expensive region was Juneau with an index of 1.85, followed by Ketchikan at 1.71. The most affordable region was Kenai at 1.32, with Fairbanks following at 1.37. Anchorage's affordability was the least changed from the prior year, rising from 1.41 in 1995 to 1.47.

Alaska Affordability Index*

Single-Family Homes, Private and Public Agency Lenders

3rd and 4th Qtr 1996 vs 3rd and 4th Qtr 1995

Figure 1-4



* Note: The Affordability Index is the number of earners needed to qualify for an 85% mortgage. Contrary to other common indexes, this one decreases when affordability improves and increases when affordability declines. Therefore, a **smaller affordability index or a decrease is always more favorable to buyers**. Data for the 4th Quarter 1996 is preliminary.

Source: Alaska Department of Labor, Research and Analysis Section.

National Affordability Index

Figure 1-4



nationally, affordability continued to worsen for homebuyers in 1996. The affordability index for 1996 was 124.7, which was slightly down from 1995's index of 125.4. The index represents the ratio of median family income to required income for a loan: the higher the index, the more affordable. Although median family income rose 3.3% from \$39,022 to \$40,299 and interest rates fell from 7.85% to 7.71%, it was insufficient to offset the increase in home prices. The median price of an existing home sold in 1996 was \$117,992, which represented a 5.2% increase over the 1995 price of \$112,208.

Comparisons for the last six months showed a similar trend of lesser affordability as the index fell from 126.2 in 1995 to 123.2 during the second half of 1996. Although median income rose, both interest rates and sales prices were higher.

Regionally, the Midwest experienced the greatest change in affordability as the index fell from 165.5 in December 1995 to 153.4 one year later. The primary factor was the increase in home prices, which increased 7.03% from \$95,300 to \$102,000 due to increased demand. The Midwest remained the most affordable, while the West had the least affordable index at 104.1.

Quarterly Survey of Alaska Lenders Historical Data Tables

Figure 1-4



As requested by the readers, we have added this special section of historical data tables from the *Quarterly Survey of Alaska Lenders*. We have expanded these data tables to show all the selected areas of the state shown in the summary tables at the beginning of this section. Data include figures since the 1st quarter of 1992 through the most recent quarter.

In the next issue, we will also expand these tables to include lender survey information for Kodiak. The "Rest of State" category includes data for all other regions of the state excluding those regions for which a separate table exists.

Historical Loan Activity: Alaska

Single-Family Homes and Condominiums, Including AHFC

1st Qtr 1992 - 4th Qtr 1996

Table 1-3

Qtr/Yr	Number of Loans	Average Loan	Total Loans	Average Sales Price	Total Sales	LTV Ratio (%)
Total Single-Family Homes and Condominiums						
4Q1996	2,019	\$128,759	\$259,965,063	\$153,905	\$310,734,783	83.7
3Q1996	2,181	123,752	269,903,022	149,080	325,142,395	83.0
2Q1996	2,339	123,455	288,760,396	151,459	354,263,210	81.5
1Q1996	2,239	123,206	275,858,893	147,968	331,299,809	83.3
4Q1995	2,369	123,036	291,472,986	146,698	347,528,422	83.9
3Q1995	2,742	122,374	335,549,257	145,122	397,923,790	84.3
2Q1995	2,324	119,410	277,509,205	137,069	318,548,674	87.1
1Q1995	1,563	115,434	180,423,456	132,096	206,466,243	87.4
4Q1994	1,688	117,151	197,751,617	135,568	228,839,041	86.4
3Q1994	1,906	114,631	218,486,140	134,354	256,079,594	85.3
2Q1994	2,432	114,230	277,806,431	135,227	328,871,864	84.5
1Q1994	3,100	115,887	359,248,623	141,694	439,251,706	81.8
4Q1993	3,613	114,722	414,489,558	137,774	497,777,277	83.3
3Q1993	3,463	114,668	397,096,973	136,831	473,844,873	83.8
2Q1993	2,877	111,510	320,814,796	133,227	383,293,262	83.7
1Q1993	2,251	113,573	255,652,022	137,551	309,627,701	82.6
4Q1992	3,026	111,689	337,972,182	136,046	411,676,220	82.1
3Q1992	2,377	112,227	266,764,425	130,830	310,982,636	85.8
2Q1992	2,633	112,731	296,820,230	137,779	362,773,390	81.8
1Q1992	1,927	106,916	206,026,301	130,794	252,040,533	81.7
Single-Family Homes						
4Q1996	1,919	\$131,475	\$252,300,001	\$157,469	\$302,183,532	83.5
3Q1996	2,066	126,670	261,701,153	152,857	315,801,782	82.9
2Q1996	2,207	126,446	279,066,812	155,600	343,408,911	81.3
1Q1996	2,122	125,837	267,026,464	151,340	321,142,952	83.1
4Q1995	2,252	125,414	282,432,405	149,890	337,552,519	83.7
3Q1995	2,611	124,845	325,971,541	148,287	387,177,279	84.2
2Q1995	2,154	123,141	265,246,099	141,593	304,990,710	87.0
1Q1995	1,458	118,573	172,879,863	135,836	198,048,388	87.3
4Q1994	1,617	119,379	193,035,107	138,154	223,394,663	86.4
3Q1994	1,811	117,093	212,056,151	137,242	248,546,084	85.3
2Q1994	2,328	115,511	268,910,367	137,002	318,939,733	84.3
1Q1994	3,015	117,027	352,836,845	143,231	431,840,807	81.7
4Q1993	3,517	115,984	407,917,184	139,289	489,877,956	83.3
3Q1993	3,386	115,601	391,425,529	138,010	467,301,091	83.8
2Q1993	2,764	113,442	313,552,306	135,661	374,967,087	83.6
1Q1993	2,167	115,178	249,589,964	139,631	302,581,206	82.5
4Q1992	2,918	112,897	329,434,137	137,848	402,239,104	81.9
3Q1992	2,265	113,184	256,360,862	132,342	299,754,526	85.5
2Q1992	2,538	113,686	288,535,638	139,267	353,458,812	81.6
1Q1992	1,876	107,925	202,466,751	131,705	247,079,277	81.9
Condominiums						
4Q1996	100	\$76,651	\$7,665,062	\$85,513	\$8,551,251	89.6
3Q1996	115	71,321	8,201,869	81,223	9,340,613	87.8
2Q1996	132	73,436	9,693,584	82,230	10,854,299	89.3
1Q1996	117	75,491	8,832,429	86,811	10,156,857	87.0
4Q1995	117	77,270	9,040,581	85,264	9,975,923	90.6
3Q1995	131	73,112	9,577,716	82,034	10,746,511	89.1
2Q1995	170	72,136	12,263,106	79,753	13,557,964	90.4
1Q1995	105	71,844	7,543,593	80,170	8,417,855	89.6
4Q1994	71	66,430	4,716,510	76,681	5,444,378	86.6
3Q1994	95	67,684	6,429,989	79,300	7,533,510	85.4
2Q1994	104	85,539	8,896,064	95,501	9,932,131	89.6
1Q1994	85	75,433	6,411,778	87,187	7,410,899	86.5
4Q1993	96	68,462	6,572,374	82,285	7,899,321	83.2
3Q1993	77	73,655	5,671,444	84,984	6,543,782	86.7
2Q1993	113	64,270	7,262,490	73,683	8,326,175	87.2
1Q1993	84	72,167	6,062,058	83,887	7,046,495	86.0
4Q1992	108	79,056	8,538,045	87,381	9,437,116	90.5
3Q1992	112	92,889	10,403,563	100,251	11,228,110	92.7
2Q1992	95	87,206	8,284,592	98,048	9,314,578	88.9
1Q1992	51	69,795	3,559,550	97,280	4,961,256	71.7

Note: Based on surveys in Alaska of 13 mortgage lenders in 1992 and 14 beginning 1st quarter of 1993.
LTV= Loan-to-Value.

Source: Alaska Department of Labor, Research and Analysis Section.

Historical Loan Activity: Anchorage

Single-Family Homes and Condominiums, Including AHFC

Table 1-4

1st Qtr 1992 - 4th Qtr 1996

Note: Based on surveys in Alaska of 13 mortgage lenders in 1992 and 14 beginning 1st quarter of 1993.
LTV= Loan-to-Value.

Source: Alaska Department of Labor, Research and Analysis Section.

Qtr/Yr	Number of Loans	Average Loan	Total Loans	Average Sales Price	Total Sales	LTV Ratio (%)
Total Single-Family Homes and Condominiums						
4Q1996	1,070	\$135,448	\$144,929,347	\$159,985	\$171,183,642	84.7
3Q1996	1,128	131,937	148,825,382	157,921	178,135,003	83.5
2Q1996	1,306	127,691	166,764,766	154,340	201,567,837	82.7
1Q1996	1,283	130,173	167,011,863	154,875	198,704,474	84.1
4Q1995	1,398	128,839	180,117,423	152,182	212,750,155	84.7
3Q1995	1,631	129,182	210,695,907	151,289	246,753,039	85.4
2Q1995	1,476	124,221	183,350,733	142,348	210,105,250	87.3
1Q1995	963	119,368	114,951,072	135,214	130,211,450	88.3
4Q1994	923	121,697	112,326,677	139,522	128,778,551	87.2
3Q1994	1,005	121,048	121,653,516	140,673	141,376,246	86.0
2Q1994	1,393	120,293	167,567,867	141,982	197,780,866	84.7
1Q1994	1,980	121,387	240,346,805	147,900	292,841,307	82.1
4Q1993	2,319	120,394	279,192,835	145,475	337,356,475	82.8
3Q1993	2,196	120,532	264,688,961	143,459	315,036,665	84.0
2Q1993	1,891	116,673	220,628,541	138,193	261,323,354	84.4
1Q1993	1,397	121,022	169,067,044	145,568	203,358,302	83.1
4Q1992	1,818	118,293	215,057,528	146,310	265,991,040	80.9
3Q1992	1,382	121,103	167,364,317	140,098	193,615,433	86.4
2Q1992	1,704	120,128	204,698,103	145,823	248,483,115	82.4
1Q1992	1,253	112,691	141,202,085	138,203	173,168,000	81.5
Single-Family Homes						
4Q1996	988	\$140,610	\$138,922,733	\$166,505	\$164,506,630	84.4
3Q1996	1,048	136,500	143,051,708	163,659	171,514,269	83.4
2Q1996	1,200	132,563	159,075,516	160,881	193,057,158	82.4
1Q1996	1,197	134,196	160,632,295	160,015	191,537,832	83.9
4Q1995	1,316	132,106	173,850,909	156,373	205,786,370	84.5
3Q1995	1,531	132,794	203,307,543	155,792	238,517,180	85.2
2Q1995	1,327	129,940	172,430,291	149,267	198,077,100	87.1
1Q1995	873	124,141	108,375,459	140,832	122,946,495	88.1
4Q1994	870	125,103	108,839,832	143,455	124,805,571	87.2
3Q1994	933	125,179	116,792,469	145,460	135,714,446	86.1
2Q1994	1,312	122,385	160,569,479	144,785	189,958,235	84.5
1Q1994	1,907	123,084	234,720,515	150,186	286,405,408	82.0
4Q1993	2,228	122,467	272,857,111	148,024	329,797,154	82.7
3Q1993	2,138	121,953	260,735,413	145,231	310,503,065	84.0
2Q1993	1,795	119,669	214,805,476	141,885	254,683,779	84.3
1Q1993	1,334	123,550	164,815,277	148,721	198,394,447	83.1
4Q1992	1,752	120,124	210,456,731	148,823	260,738,291	80.7
3Q1992	1,282	123,149	157,877,004	143,137	183,501,823	86.0
2Q1992	1,619	121,893	197,344,756	148,413	240,280,787	82.1
1Q1992	1,212	114,120	138,313,575	139,468	169,034,694	81.8
Condominiums						
4Q1996	82	\$73,251	\$6,006,614	\$81,427	\$6,677,012	90.0
3Q1996	80	72,171	5,773,674	82,759	6,620,734	87.2
2Q1996	106	72,540	7,689,250	80,289	8,510,679	90.3
1Q1996	86	74,181	6,379,568	83,333	7,166,642	89.0
4Q1995	82	76,421	6,266,514	84,924	6,963,785	90.0
3Q1995	100	73,884	7,388,364	82,359	8,235,859	89.7
2Q1995	149	73,292	10,920,442	80,726	12,028,150	90.8
1Q1995	90	73,062	6,575,613	80,722	7,264,955	90.5
4Q1994	53	65,790	3,486,845	74,962	3,972,980	87.8
3Q1994	72	67,515	4,861,047	78,636	5,661,800	85.9
2Q1994	81	86,400	6,998,388	96,576	7,822,631	89.5
1Q1994	73	77,072	5,626,290	88,163	6,435,899	87.4
4Q1993	91	69,623	6,335,724	83,069	7,559,321	83.8
3Q1993	58	68,165	3,953,548	78,166	4,533,600	87.2
2Q1993	96	60,657	5,823,065	69,162	6,639,575	87.7
1Q1993	63	67,488	4,251,767	78,791	4,963,855	85.7
4Q1992	66	69,709	4,600,797	79,587	5,252,749	87.6
3Q1992	100	94,873	9,487,313	101,136	10,113,610	93.8
2Q1992	85	86,510	7,353,347	96,498	8,202,328	89.6
1Q1992	41	70,451	2,888,510	100,812	4,133,306	69.9

Historical Loan Activity: Fairbanks

Single-Family Homes and Condominiums, Including AHFC

1st Qtr 1992 - 4th Qtr 1996

Table 1-5

Qtr/Yr	Number of Loans	Average Loan	Total Loans	Average Sales Price	Total Sales	LTV Ratio (%)
Total Single-Family Homes and Condominiums						
4Q1996	258	\$117,545	\$30,326,636	\$135,288	\$34,904,258	86.9
3Q1996	316	100,466	31,747,273	120,134	37,962,491	83.6
2Q1996	242	103,424	25,028,550	127,052	30,746,534	81.4
1Q1996	226	108,565	24,535,704	131,539	29,727,911	82.5
4Q1995	229	106,691	24,432,266	125,695	28,784,051	84.9
3Q1995	279	103,496	28,875,468	125,425	34,993,636	82.5
2Q1995	197	103,198	20,329,964	115,863	22,825,052	89.1
1Q1995	177	109,407	19,365,090	123,831	21,918,146	88.4
4Q1994	219	103,482	22,662,653	122,273	26,777,781	84.6
3Q1994	285	102,948	29,340,257	120,700	34,399,525	85.3
2Q1994	287	105,491	30,275,878	122,142	35,054,626	86.4
1Q1994	264	94,964	25,070,539	116,179	30,671,337	81.7
4Q1993	434	101,188	43,915,788	121,686	52,811,923	83.2
3Q1993	361	101,341	36,583,966	121,549	43,879,072	83.4
2Q1993	277	97,391	26,977,382	120,291	33,320,725	81.0
1Q1993	211	95,139	20,074,399	125,830	26,550,085	75.6
4Q1992	339	95,078	32,231,427	119,756	40,597,149	79.4
3Q1992	314	99,504	31,244,291	120,554	37,853,897	82.5
2Q1992	215	93,181	20,033,947	114,374	24,590,354	81.5
1Q1992	199	90,159	17,941,665	118,381	23,557,860	76.2
Single-Family Homes						
4Q1996	252	\$118,665	\$29,903,581	\$136,695	\$34,447,258	86.8
3Q1996	296	102,856	30,445,230	123,395	36,524,780	83.4
2Q1996	238	104,051	24,764,052	128,000	30,464,034	81.3
1Q1996	220	110,168	24,236,854	133,587	29,389,211	82.5
4Q1995	222	108,009	23,978,006	127,420	28,287,167	84.8
3Q1995	273	104,403	28,502,118	126,538	34,544,856	82.5
2Q1995	192	104,583	20,079,964	117,482	22,556,552	89.0
1Q1995	177	109,407	19,365,090	123,831	21,918,146	88.4
4Q1994	213	104,670	22,294,703	123,800	26,369,381	84.5
3Q1994	277	104,101	28,835,915	122,158	33,837,685	85.2
2Q1994	284	106,085	30,128,178	122,802	34,875,626	86.4
1Q1994	263	95,082	25,006,539	116,317	30,591,337	81.7
4Q1993	434	101,188	43,915,788	121,686	52,811,923	83.2
3Q1993	359	101,627	36,483,984	121,892	43,759,072	83.4
2Q1993	276	97,500	26,909,882	120,456	33,245,725	80.9
1Q1993	208	95,711	19,907,953	126,717	26,357,085	75.5
4Q1992	337	95,180	32,075,570	119,944	40,421,149	79.4
3Q1992	314	99,504	31,244,291	120,554	37,853,897	82.5
2Q1992	213	93,654	19,948,347	114,981	24,490,854	81.5
1Q1992	198	90,400	17,899,265	118,709	23,504,410	76.2
Condominiums						
4Q1996	6	\$70,509	\$423,055	\$76,167	\$457,000	92.6
3Q1996	20	65,102	1,302,043	71,886	1,437,711	90.6
2Q1996	4	66,125	264,498	70,625	282,500	93.6
1Q1996	6	49,808	298,850	56,450	338,700	88.2
4Q1995	7	64,894	454,260	70,983	496,884	91.4
3Q1995	6	62,225	373,350	74,797	448,780	83.2
2Q1995	5	50,000	250,000	53,700	268,500	93.1
1Q1995	0	-	-	-	-	0.0
4Q1994	6	61,325	367,950	68,067	408,400	90.1
3Q1994	8	63,043	504,342	70,230	561,840	89.8
2Q1994	3	49,233	147,700	59,667	179,000	82.5
1Q1994	1	64,000	64,000	80,000	80,000	80.0
4Q1993	0	-	-	-	-	0.0
3Q1993	2	49,991	99,982	60,000	120,000	83.3
2Q1993	1	67,500	67,500	75,000	75,000	90.0
1Q1993	3	55,482	166,446	64,333	193,000	86.2
4Q1992	2	77,929	155,857	88,000	176,000	88.6
3Q1992	0	-	-	-	-	0.0
2Q1992	2	42,800	85,600	49,750	99,500	86.0
1Q1992	1	42,400	42,400	53,450	53,450	79.3

Note: Based on surveys in Alaska of 13 mortgage lenders in 1992 and 14 beginning 1st quarter of 1993.
LTV=Loan-to-Value

Source: Alaska Department of Labor, Research and Analysis Section.

Historical Loan Activity: Juneau

Single-Family Homes and Condominiums, Including AHFC

1st Qtr 1992 - 4th Qtr 1996

Table 1-6

Note: Based on surveys in Alaska of 13 mortgage lenders in 1992 and 14 beginning 1st quarter of 1993.
LTV= Loan-to-Value.

Source: Alaska Department of Labor, Research and Analysis Section.

Qtr/Yr	Number of Loans	Average Loan	Total Loans	Average Sales Price	Total Sales	LTV Ratio (%)
Total Single-Family Homes and Condominiums						
4Q1996	132	\$152,887	\$20,181,120	\$190,684	\$25,170,338	80.2
3Q1996	148	144,918	21,447,894	181,101	26,802,990	80.0
2Q1996	202	138,881	28,053,880	179,981	36,356,260	77.2
1Q1996	156	129,705	20,233,919	170,844	26,651,662	75.9
4Q1995	168	136,089	22,862,957	167,536	28,146,085	81.2
3Q1995	196	135,914	26,639,048	167,595	32,848,538	81.1
2Q1995	142	128,558	18,255,291	153,793	21,838,615	83.6
1Q1995	80	120,062	9,604,982	138,223	11,057,845	86.9
4Q1994	118	132,628	15,650,143	155,512	18,350,472	85.3
3Q1994	118	117,781	13,898,158	139,868	16,504,414	84.2
2Q1994	152	117,127	17,803,248	144,940	22,030,813	80.8
1Q1994	198	116,315	23,030,367	149,229	29,547,359	77.9
4Q1993	204	117,500	23,970,015	141,735	28,913,995	82.9
3Q1993	229	113,008	25,878,895	136,480	31,253,815	82.8
2Q1993	190	111,764	21,235,226	137,799	26,181,751	81.1
1Q1993	150	108,990	16,348,437	129,335	19,400,309	84.3
4Q1992	181	115,938	20,984,743	139,035	25,165,384	83.4
3Q1992	269	97,686	26,277,563	113,831	30,620,546	85.8
2Q1992	187	113,717	21,265,166	142,579	26,662,273	79.8
1Q1992	114	108,030	12,315,464	125,198	14,272,558	86.3
Single-Family Homes						
4Q1996	124	\$156,130	\$19,360,127	\$195,098	\$24,192,099	80.0
3Q1996	139	149,529	20,784,494	187,100	26,006,835	79.9
2Q1996	189	142,874	27,003,095	185,657	35,089,140	77.0
1Q1996	141	133,590	18,836,164	175,985	24,813,837	75.9
4Q1995	155	140,171	21,726,517	173,353	26,869,743	80.9
3Q1995	180	140,955	25,371,861	174,611	31,429,926	80.7
2Q1995	134	132,131	17,705,541	158,017	21,174,301	83.6
1Q1995	70	127,209	8,904,652	145,828	10,207,945	87.2
4Q1994	110	137,607	15,136,813	160,932	17,702,474	85.5
3Q1994	108	122,306	13,209,008	145,094	15,670,194	84.3
2Q1994	134	121,002	16,214,278	151,230	20,264,813	80.0
1Q1994	188	119,123	22,395,067	152,880	28,741,359	77.9
4Q1993	201	118,519	23,822,365	142,940	28,730,995	82.9
3Q1993	222	114,180	25,348,060	137,713	30,572,315	82.9
2Q1993	176	114,239	20,106,051	141,291	24,867,151	80.9
1Q1993	133	111,068	14,772,092	132,253	17,589,669	84.0
4Q1992	178	117,102	20,844,193	140,415	24,993,884	83.4
3Q1992	258	98,524	25,419,313	114,698	29,592,046	85.9
2Q1992	181	113,809	20,599,471	142,989	25,881,023	79.6
1Q1992	110	109,651	12,061,664	126,941	13,963,558	86.4
Condominiums						
4Q1996	8	\$102,624	\$820,993	\$122,280	\$978,239	83.9
3Q1996	9	73,711	663,400	88,462	796,155	83.3
2Q1996	13	80,830	1,050,785	97,471	1,267,120	82.9
1Q1996	15	93,184	1,397,755	122,522	1,837,825	76.1
4Q1995	13	87,418	1,136,440	98,180	1,276,342	89.0
3Q1995	16	79,199	1,267,187	88,663	1,418,612	89.3
2Q1995	8	68,719	549,750	83,039	664,314	82.8
1Q1995	10	70,033	700,330	84,990	849,900	82.4
4Q1994	8	64,166	513,330	81,000	647,998	79.2
3Q1994	10	68,915	689,150	83,422	834,220	82.6
2Q1994	18	88,276	1,588,970	98,111	1,766,000	90.0
1Q1994	10	63,530	635,300	80,600	806,000	78.8
4Q1993	3	49,217	147,650	61,000	183,000	80.7
3Q1993	7	75,834	530,835	97,357	681,500	77.9
2Q1993	14	80,655	1,129,175	93,900	1,314,600	85.9
1Q1993	17	92,726	1,576,345	106,508	1,810,640	87.1
4Q1992	3	46,850	140,550	57,167	171,500	82.0
3Q1992	11	78,023	858,250	93,500	1,028,500	83.4
2Q1992	6	110,949	665,695	130,208	781,250	85.2
1Q1992	4	63,450	253,800	77,250	309,000	82.1

Historical Loan Activity: Kenai

Single-Family Homes and Condominiums, Including AHFC

1st Qtr 1992 - 4th Qtr 1996

Table 1-8

Qtr/Yr	Number of Loans	Average Loan	Total Loans	Average Sales Price	Total Sales	LTV Ratio (%)
Total Single-Family Homes and Condominiums						
4Q1996	137	\$102,240	\$14,006,910	\$124,529	\$17,060,462	82.1
3Q1996	140	100,255	14,035,761	121,484	17,007,786	82.5
2Q1996	121	98,799	11,954,726	125,046	15,130,572	79.0
1Q1996	150	100,015	15,002,226	118,148	17,722,125	84.7
4Q1995	145	101,488	14,715,826	125,317	18,170,897	81.0
3Q1995	133	92,480	12,299,816	110,506	14,697,331	83.7
2Q1995	111	94,727	10,514,727	111,698	12,398,502	84.8
1Q1995	82	99,196	8,134,037	117,782	9,658,090	84.2
4Q1994	93	88,602	8,239,955	104,564	9,724,484	84.7
3Q1994	99	94,074	9,313,342	111,864	11,074,494	84.1
2Q1994	118	93,469	11,029,302	104,909	12,379,263	89.1
1Q1994	132	99,704	13,160,947	121,965	16,099,387	81.7
4Q1993	144	85,507	12,312,940	99,205	14,285,490	86.2
3Q1993	130	99,398	12,921,731	118,298	15,378,759	84.0
2Q1993	136	97,073	13,201,887	111,458	15,158,345	87.1
1Q1993	110	92,215	10,143,608	108,764	11,964,011	84.8
4Q1992	102	88,288	9,005,366	101,180	10,320,338	87.3
3Q1992	91	96,606	8,791,128	107,145	9,750,189	90.2
2Q1992	141	86,860	12,247,202	109,721	15,470,604	79.2
1Q1992	81	91,963	7,449,008	106,736	8,645,609	86.2
Single-Family Homes						
4Q1996	137	\$102,240	\$14,006,910	\$124,529	\$17,060,462	82.1
3Q1996	140	100,255	14,035,761	121,484	17,007,786	82.5
2Q1996	119	99,194	11,804,091	125,862	14,977,572	78.8
1Q1996	150	100,015	15,002,226	118,148	17,722,125	84.7
4Q1995	144	101,544	14,622,326	125,473	18,068,047	80.9
3Q1995	132	92,423	12,199,816	110,359	14,567,331	83.7
2Q1995	110	94,601	10,406,087	111,714	12,288,502	84.7
1Q1995	81	99,892	8,091,237	118,544	9,602,090	84.3
4Q1994	93	88,602	8,239,955	104,564	9,724,484	84.7
3Q1994	99	94,074	9,313,342	111,864	11,074,494	84.1
2Q1994	117	93,628	10,954,496	105,160	12,303,763	89.0
1Q1994	132	99,704	13,160,947	121,965	16,099,387	81.7
4Q1993	144	85,507	12,312,940	99,205	14,285,490	86.2
3Q1993	130	99,398	12,921,731	118,298	15,378,759	84.0
2Q1993	136	97,073	13,201,887	111,458	15,158,345	87.1
1Q1993	110	92,215	10,143,608	108,764	11,964,011	84.8
4Q1992	102	88,288	9,005,366	101,180	10,320,338	87.3
3Q1992	91	96,606	8,791,128	107,145	9,750,189	90.2
2Q1992	141	86,860	12,247,202	109,721	15,470,604	79.2
1Q1992	81	91,963	7,449,008	106,736	8,645,609	86.2
Condominiums						
4Q1996	0	-	-	-	-	0.0
3Q1996	0	-	-	-	-	0.0
2Q1996	2	\$75,318	\$150,635	\$76,500	\$153,000	98.5
1Q1996	0	-	-	-	-	0.0
4Q1995	1	93,500	93,500	102,850	102,850	90.9
3Q1995	1	100,000	100,000	130,000	130,000	76.9
2Q1995	1	108,640	108,640	110,000	110,000	98.8
1Q1995	1	42,800	42,800	56,000	56,000	76.4
4Q1994	0	-	-	-	-	0.0
3Q1994	0	-	-	-	-	0.0
2Q1994	1	74,806	74,806	75,500	75,500	99.1
1Q1994	0	-	-	-	-	0.0
4Q1993	0	-	-	-	-	0.0
3Q1993	0	-	-	-	-	0.0
2Q1993	0	-	-	-	-	0.0
1Q1993	0	-	-	-	-	0.0
4Q1992	0	-	-	-	-	0.0
3Q1992	0	-	-	-	-	0.0
2Q1992	0	-	-	-	-	0.0
1Q1992	0	-	-	-	-	0.0

Note: Based on surveys in Alaska of 13 mortgage lenders in 1992 and 14 beginning 1st quarter of 1993.
LTV= Loan-to-Value.

Source: Alaska Department of Labor, Research and Analysis Section.

Historical Loan Activity: Ketchikan

Single-Family Homes and Condominiums, Including AHFC

Table 1-9

1st Qtr 1992 - 4th Qtr 1996

Note: Based on surveys in Alaska of 13 mortgage lenders in 1992 and 14 beginning 1st quarter of 1993.
LTV=Loan-to-Value

Source: Alaska Department of Labor, Research and Analysis Section.

Qtr/Yr	Number of Loans	Average Loan	Total Loans	Average Sales Price	Total Sales	LTV Ratio (%)
Total Single-Family Homes and Condominiums						
4Q1996	42	\$148,644	\$6,243,035	\$184,682	\$7,756,630	80.5
3Q1996	39	136,655	5,329,548	168,098	6,555,820	81.3
2Q1996	64	145,819	9,332,386	179,229	11,470,633	81.4
1Q1996	42	134,697	5,657,284	162,049	6,806,048	83.1
4Q1995	50	133,452	6,672,597	158,365	7,918,267	84.3
3Q1995	51	131,908	6,727,322	172,460	8,795,459	76.5
2Q1995	64	137,770	8,817,277	163,161	10,442,292	84.4
1Q1995	37	129,108	4,777,012	150,611	5,572,608	85.7
4Q1994	36	153,017	5,508,620	173,568	6,248,447	88.2
3Q1994	48	123,182	5,912,744	158,283	7,597,583	77.8
2Q1994	65	130,879	8,507,140	158,862	10,326,055	82.4
1Q1994	54	125,449	6,774,235	152,287	8,223,486	82.4
4Q1993	43	135,827	5,840,574	160,578	6,904,848	84.6
3Q1993	56	112,723	6,312,500	140,296	7,856,552	80.3
2Q1993	55	112,622	6,194,186	140,035	7,701,922	80.4
1Q1993	51	111,642	5,693,718	144,738	7,381,646	77.1
4Q1992	57	107,889	6,149,699	134,118	7,644,731	80.4
3Q1992	47	112,924	5,307,440	138,975	6,531,818	81.3
2Q1992	92	115,623	10,637,271	146,177	13,448,295	79.1
1Q1992	51	107,978	5,506,890	132,216	6,742,991	81.7
Single-Family Homes						
4Q1996	41	\$149,583	\$6,132,885	\$186,089	\$7,629,630	80.4
3Q1996	38	137,541	5,226,548	169,890	6,455,820	81.0
2Q1996	61	149,454	9,116,686	183,961	11,221,633	81.2
1Q1996	38	139,863	5,314,784	169,370	6,436,048	82.6
4Q1995	43	140,758	6,052,597	169,495	7,288,267	83.0
3Q1995	47	138,422	6,505,822	181,488	8,529,959	76.3
2Q1995	60	143,795	8,627,677	170,188	10,211,292	84.5
1Q1995	33	137,944	4,552,162	161,382	5,325,608	85.5
4Q1994	33	159,298	5,256,820	179,801	5,933,447	88.6
3Q1994	47	124,032	5,829,494	159,672	7,504,583	77.7
2Q1994	64	131,577	8,420,940	159,954	10,237,055	82.3
1Q1994	53	126,190	6,688,047	153,481	8,134,486	82.2
4Q1993	42	137,776	5,786,574	162,973	6,844,848	84.5
3Q1993	48	114,217	5,482,421	144,476	6,934,870	79.1
2Q1993	51	116,773	5,955,436	145,430	7,416,922	80.3
1Q1993	51	111,642	5,693,718	144,738	7,381,646	77.1
4Q1992	51	111,588	5,691,010	140,159	7,148,131	79.6
3Q1992	46	114,118	5,249,440	140,126	6,445,818	81.4
2Q1992	91	115,794	10,537,271	146,152	13,299,795	79.2
1Q1992	50	108,863	5,443,140	133,140	6,656,991	81.8
Condominiums						
4Q1996	1	\$110,150	\$110,150	\$127,000	\$127,000	86.7
3Q1996	1	103,000	103,000	100,000	100,000	103.0
2Q1996	3	71,900	215,700	83,000	249,000	86.6
1Q1996	4	85,625	342,500	92,500	370,000	92.6
4Q1995	7	88,571	620,000	90,000	630,000	98.4
3Q1995	4	55,375	221,500	66,375	265,500	83.4
2Q1995	4	47,400	189,600	57,750	231,000	82.1
1Q1995	4	56,213	224,850	61,750	247,000	91.0
4Q1994	3	83,933	251,800	105,000	315,000	79.9
3Q1994	1	83,250	83,250	93,000	93,000	89.5
2Q1994	1	86,200	86,200	89,000	89,000	96.9
1Q1994	1	86,188	86,188	89,000	89,000	96.8
4Q1993	1	54,000	54,000	60,000	60,000	90.0
3Q1993	8	103,760	830,079	115,210	921,682	90.1
2Q1993	4	59,688	238,750	71,250	285,000	83.8
1Q1993	0	-	-	-	-	0.0
4Q1992	6	76,448	458,689	82,767	496,600	92.4
3Q1992	1	58,000	58,000	86,000	86,000	67.4
2Q1992	1	100,000	100,000	148,500	148,500	67.3
1Q1992	1	63,750	63,750	86,000	86,000	74.1

Historical Loan Activity: Mat-Su

Single-Family Homes and Condominiums, Including AHFC

1st Qtr 1992 - 4th Qtr 1996

Table 1-7

Qtr/Yr	Number of Loans	Average Loan	Total Loans	Average Sales Price	Total Sales	LTV Ratio (%)
Total Single-Family Homes and Condominiums						
4Q1996	199	\$106,266	\$21,146,908	\$128,474	\$25,566,337	82.7
3Q1996	222	103,912	23,068,379	123,480	27,412,659	84.2
2Q1996	203	104,810	21,276,346	128,152	26,014,823	81.8
1Q1996	213	99,710	21,238,288	118,222	25,181,346	84.3
4Q1995	215	102,012	21,932,476	121,833	26,194,029	83.7
3Q1995	275	101,234	27,839,484	120,132	33,036,234	84.3
2Q1995	211	96,354	20,330,608	107,858	22,758,015	89.3
1Q1995	148	96,804	14,326,943	111,417	16,489,774	86.9
4Q1994	162	104,176	16,876,591	120,890	19,584,246	86.2
3Q1994	162	95,957	15,544,957	110,273	17,864,257	87.0
2Q1994	183	88,359	16,169,736	101,730	18,616,668	86.9
1Q1994	184	93,601	17,222,500	114,677	21,100,524	81.6
4Q1993	228	90,597	20,656,151	103,723	23,648,745	87.3
3Q1993	263	92,919	24,437,698	106,289	27,954,103	87.4
2Q1993	202	87,119	17,598,117	100,621	20,325,400	86.6
1Q1993	172	90,812	15,619,643	103,258	17,760,293	87.9
4Q1992	191	87,231	16,661,111	99,411	18,987,455	87.7
3Q1992	149	93,605	13,947,108	104,447	15,562,581	89.6
2Q1992	154	85,922	13,232,012	100,890	15,537,126	85.2
1Q1992	108	86,133	9,302,403	96,206	10,390,295	89.5
Single-Family Homes						
4Q1996	199	\$106,266	\$21,146,908	\$128,474	\$25,566,337	82.7
3Q1996	219	104,322	22,846,549	124,108	27,179,646	84.1
2Q1996	202	104,843	21,178,340	128,257	25,907,823	81.7
1Q1996	212	99,826	21,163,032	118,421	25,105,346	84.3
4Q1995	213	102,262	21,781,709	122,230	26,034,967	83.7
3Q1995	274	101,387	27,780,069	120,329	32,970,234	84.3
2Q1995	209	96,502	20,168,858	108,067	22,586,015	89.3
1Q1995	148	96,804	14,326,943	111,417	16,489,774	86.9
4Q1994	162	104,176	16,876,591	120,890	19,584,246	86.2
3Q1994	162	95,957	15,544,957	110,273	17,864,257	87.0
2Q1994	183	88,359	16,169,736	101,730	18,616,668	86.9
1Q1994	184	93,601	17,222,500	114,677	21,100,524	81.6
4Q1993	227	90,842	20,621,151	103,752	23,551,745	87.6
3Q1993	263	92,919	24,437,698	106,289	27,954,103	87.4
2Q1993	202	87,119	17,598,117	100,621	20,325,400	86.6
1Q1993	172	90,812	15,619,643	103,258	17,760,293	87.9
4Q1992	191	87,231	16,661,111	99,411	18,987,455	87.7
3Q1992	149	93,605	13,947,108	104,447	15,562,581	89.6
2Q1992	154	85,922	13,232,012	100,890	15,537,126	85.2
1Q1992	108	86,133	9,302,403	96,206	10,390,295	89.5
Condominiums						
4Q1996	0	-	-	-	-	0.0
3Q1996	3	\$73,943	\$221,830	\$77,671	\$233,013	95.2
2Q1996	1	98,006	98,006	107,000	107,000	91.6
1Q1996	1	75,256	75,256	76,000	76,000	99.0
4Q1995	2	75,384	150,767	79,531	159,062	94.8
3Q1995	1	59,415	59,415	66,000	66,000	90.0
2Q1995	2	80,875	161,750	86,000	172,000	94.0
1Q1995	0	-	-	-	-	0.0
4Q1994	0	-	-	-	-	0.0
3Q1994	0	-	-	-	-	0.0
2Q1994	0	-	-	-	-	0.0
1Q1994	0	-	-	-	-	0.0
4Q1993	1	35,000	35,000	97,000	97,000	36.1
3Q1993	0	-	-	-	-	0.0
2Q1993	0	-	-	-	-	0.0
1Q1993	0	-	-	-	-	0.0
4Q1992	0	-	-	-	-	0.0
3Q1992	0	-	-	-	-	0.0
2Q1992	0	-	-	-	-	0.0
1Q1992	0	-	-	-	-	0.0

Note: Based on surveys in Alaska of 13 mortgage lenders in 1992 and 14 beginning 1st quarter of 1993.
LTV=Loan-to-Value

Source: Alaska Department of Labor, Research and Analysis Section.

Historical Loan Activity: Rest of State

Single-Family Homes and Condominiums, Including AHFC

Table 1-10

1st Qtr 1992 - 4th Qtr 1996

Note: Based on surveys in Alaska of 13 mortgage lenders in 1992 and 14 beginning 1st quarter of 1993.
LTV= Loan-to-Value.

Source: Alaska Department of Labor, Research and Analysis Section.

Qtr/Yr	Number of Loans	Average Loan	Total Loans	Average Sales Price	Total Sales	LTV Ratio (%)
Total Single-Family Homes and Condominiums						
4Q1996	181	\$127,796	\$23,131,107	\$160,735	\$29,093,116	79.5
3Q1996	188	135,366	25,448,785	166,307	31,265,646	81.4
2Q1996	201	131,093	26,349,742	164,062	32,976,551	79.9
1Q1996	169	130,057	21,979,609	156,842	26,506,243	82.9
4Q1995	164	126,460	20,739,441	155,884	25,564,958	81.1
3Q1995	177	126,962	22,472,212	151,410	26,799,553	83.9
2Q1995	123	129,355	15,910,605	147,813	18,180,948	87.5
1Q1995	76	121,899	9,264,320	152,083	11,558,330	80.2
4Q1994	137	120,343	16,486,978	141,424	19,375,060	85.1
3Q1994	189	120,757	22,823,166	144,249	27,263,075	83.7
2Q1994	234	113,048	26,453,260	139,673	32,683,573	80.9
1Q1994	288	116,817	33,643,230	141,557	40,768,306	82.5
4Q1993	241	118,677	28,601,255	140,481	33,855,801	84.5
3Q1993	228	115,233	26,273,222	142,482	32,485,907	80.9
2Q1993	148	111,025	16,431,654	140,185	20,747,429	79.2
1Q1993	160	116,907	18,705,173	145,082	23,213,055	80.6
4Q1992	338	112,078	37,882,308	127,131	42,970,123	88.2
3Q1992	125	110,661	13,832,578	136,385	17,048,172	81.1
2Q1992	140	105,047	14,706,529	132,726	18,581,623	79.1
1Q1992	121	101,726	12,308,786	126,142	15,263,220	80.6
Single-Family Homes						
4Q1996	178	\$128,241	\$22,826,857	\$161,692	\$28,781,116	79.3
3Q1996	186	136,080	25,310,863	167,272	31,112,646	81.4
2Q1996	198	131,945	26,125,032	165,109	32,691,551	79.9
1Q1996	164	131,958	21,641,109	159,381	26,138,553	82.8
4Q1995	159	128,430	20,420,341	158,604	25,217,958	81.0
3Q1995	174	128,186	22,304,312	152,976	26,617,793	83.8
2Q1995	122	129,735	15,827,681	148,336	18,096,948	87.5
1Q1995	76	121,899	9,264,320	152,083	11,558,330	80.2
4Q1994	136	120,518	16,390,393	141,728	19,275,060	85.0
3Q1994	185	121,789	22,530,966	145,300	26,880,425	83.8
2Q1994	234	113,048	26,453,260	139,673	32,683,573	80.9
1Q1994	288	116,817	33,643,230	141,557	40,768,306	82.5
4Q1993	241	118,677	28,601,255	140,481	33,855,801	84.5
3Q1993	226	115,116	26,016,222	142,473	32,198,907	80.8
2Q1993	147	110,715	16,275,054	139,914	20,567,429	79.1
1Q1993	159	117,218	18,637,673	145,497	23,134,055	80.6
4Q1992	307	113,030	34,700,156	129,087	39,629,856	87.6
3Q1992	125	110,661	13,832,578	136,385	17,048,172	81.1
2Q1992	139	105,227	14,626,579	133,084	18,498,623	79.1
1Q1992	117	102,544	11,997,696	127,211	14,883,720	80.6
Condominiums						
4Q1996	3	\$101,417	\$304,250	\$104,000	\$312,000	97.5
3Q1996	2	68,961	137,922	76,500	153,000	90.1
2Q1996	3	74,903	224,710	95,000	285,000	78.8
1Q1996	5	67,700	338,500	73,538	367,690	92.1
4Q1995	5	63,820	319,100	69,400	347,000	92.0
3Q1995	3	55,967	167,900	60,587	181,760	92.4
2Q1995	1	82,924	82,924	84,000	84,000	98.7
1Q1995	0	-	-	-	-	0.0
4Q1994	1	96,585	96,585	100,000	100,000	96.6
3Q1994	4	73,050	292,200	95,663	382,650	76.4
2Q1994	0	-	-	-	-	0.0
1Q1994	0	-	-	-	-	0.0
4Q1993	0	-	-	-	-	0.0
3Q1993	2	128,500	257,000	143,500	287,000	89.5
2Q1993	1	156,600	156,600	180,000	180,000	87.0
1Q1993	1	67,500	67,500	79,000	79,000	85.4
4Q1992	31	102,650	3,182,152	107,751	3,340,267	95.3
3Q1992	0	-	-	-	-	0.0
2Q1992	1	79,950	79,950	83,000	83,000	96.3
1Q1992	4	77,773	311,090	94,875	379,500	82.0

Section 2

AHFC Residential Loan Portfolio

AHFC's Loan Activity Decreases in 1996

Figures 2-1 and 2-2

A HFC's 1996 loan activity decreased compared to the prior year. The primary reason for the decline was the strength of the 5% Loan Program in 1995, the overall slowdown of Alaska's economy during 1996, and rising interest rates in 1996. Statewide, the 5% Loan Program financed one out of 10 residential loans (9.8%) in 1995 and accounted for 8.2% of loan volume. The program also accounted for 39.9% of AHFC's total loan volume during 1995. The 5% Loan Program overshadowed the stable loan activity experienced during 1996.

- Total loan dollar volume contracted from \$224.5 million in 1995 to \$122.4 million in 1996, a drop of \$102.1 million or 45.5%.
- Single-family volume fell 47.0%, while condominiums were down 20.4% from 1995.

Without the 5% Loan Program, total volume would have dropped only 10.3%. Overall, statewide market share for AHFC declined from 20.7% in 1995 to 11.2% in 1996. Excluding the 5% loans, the comparative drop would have been less severe, as AHFC market share would have only accounted for 12.4% in 1995.

- The total number of loans declined by 46.7% from 2,062 in 1995 to 1,099 in 1996.
- Single-family loans fell 49.1%, while condominiums declined by 22.0%.

Overall average interest rates weighted by dollar loan volume rose from 6.48% in 1995 to 7.00% in 1996; however, the rate would have dropped from 7.60% if the 5% Program had been excluded during 1995. Non-AHFC interest rates declined slightly from 7.98% in 1995 to 7.87%.

Sales volume also posted declines in year-to-year comparisons.

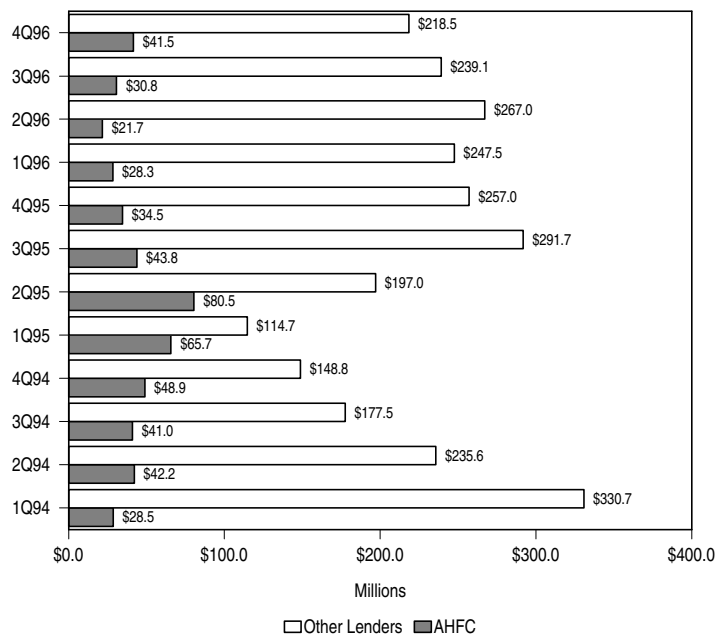
- Volume went from \$245.1 million to \$122.4 million, or a drop of 43.3%.
- Both single-family and condominium sales volume fell 44.8% and 18.6%, respectively.

Dollar Volume of Loans by Lender

Single-Family Homes and Condominiums

1st Qtr 1994 through 4th Qtr 1996

Figure 2-1



Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

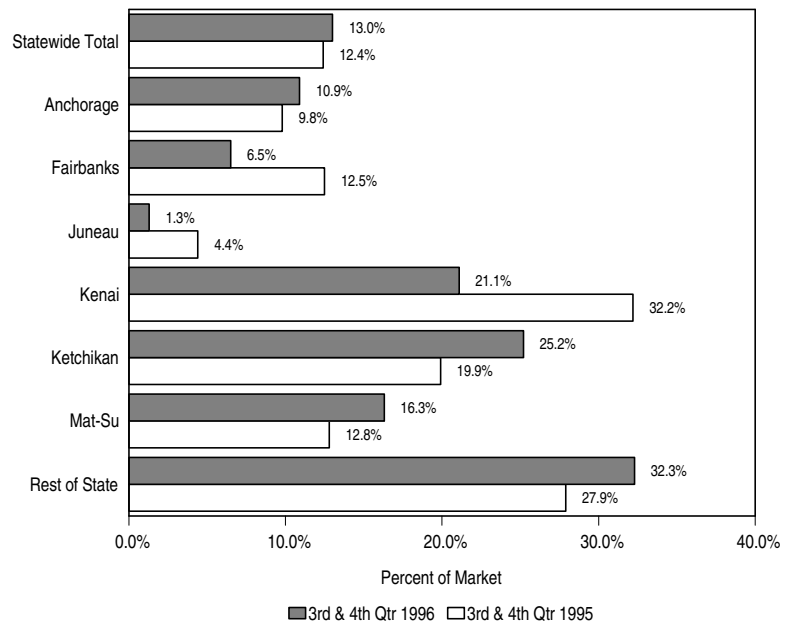
AHFC Market Share of Single-Family Homes

Based on Dollar Loan Volume

3rd and 4th Qtr 1996 vs 3rd and 4th Qtr 1995

Figure 2-2

Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.



AHFC's Rural Activity Expands

Figures 2-3 and 2-4



AHFC's urban and rural loan portfolios went in different directions from the prior year. The urban portfolio declined 55.9% from \$204.3 million in 1995 to \$90.0 million in 1996, mostly due to the high concentration of 5% loans in urban areas. However, the rural portfolio increased in 1996. This increase reflects the active marketing that AHFC performed in rural areas, especially during the last six months of 1996. The increase also shows AHFC's strong commitment to keeping its efforts focused on hard-to-finance areas of the state.

- Rural loan volume expanded 60.4% from \$20.2 million in 1995 to \$32.4 million.
- Urban loans still accounted for three-quarters of AHFC's total loan portfolio during 1996.

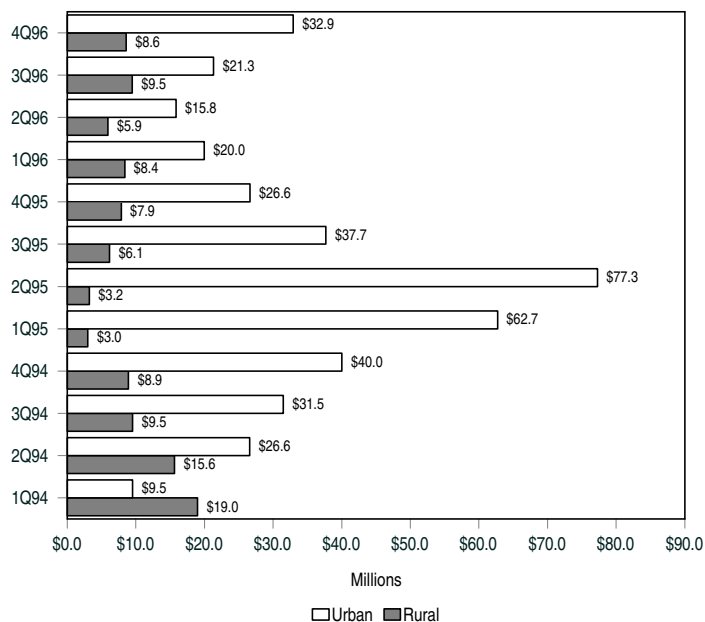
The second-half comparison between 1995 and 1996 mirrored the annual trend, with urban volume falling and rural volume rising.

AHFC Dollar Volume of Urban and Rural Loans

Statewide

3rd and 4th Qtr 1996 vs 3rd and 4th Qtr 1995

Figure 2-3



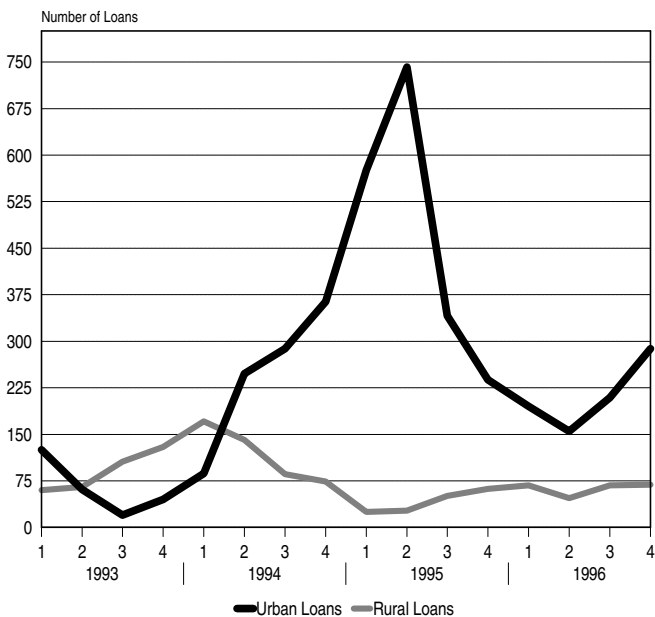
Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

AHFC Loans Purchased

Urban vs Rural

1st Qtr 1993 - 4th Qtr 1996

Figure 2-4



Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

- Rural loan volume rose 28.9% from \$14.0 million to \$18.0 million.
- Urban loan volume dropped from \$64.3 million in 1995 to \$54.2 million, or 15.7%.

Excluding 5% loans from the results, urban volume would have declined by only 3.4%, but rural volume would have jumped by 55.8%.

Comparisons of statewide dollar loan volume indicated that AHFC single-family homes gained in overall market share in 1996's second half. Comparing the second halves of 1995 and 1996:

- AHFC market share rose from 12.4% in 1995 to 13.0%.
- The overall gain in condominium share was more dramatic, climbing 16.8% to 34.8% during the same time period.
- Regionally, there were four regions that gained in share: Anchorage (9.8% to 10.9%), Mat-Su (12.8% to 16.3%), Ketchikan (19.9% to 25.2%), and Rest of State (27.9% to 32.3%).

Average Sales Prices and Loan Amounts

Figure 2-5



Overall, average sales prices in 1996 were above 1995 levels by 6.3% (\$126,385 vs. \$118,871).

- Single-family prices increased 8.5% from \$123,248 to \$133,741.
- Condominiums increased 4.4% from \$74,724 to \$77,983.
- Non-AHFC single-family home prices averaged \$158,963 in 1996, which was 5.5% greater than the \$151,016 in 1995.

As expected, the 5% loans tended to pull down the overall 1995 average. Without the program, the average AHFC sales price would have been \$132,973, resulting in a 1996 gain of only 0.6%.

Sales prices during the second halves of 1995 and 1996 mirrored the loan picture, with total sales prices 4.1% higher, followed by both single-family and condominium prices gaining 6.7% and 8.2%, respectively. The non-AHFC price was also 3.8% higher, as prices rose from \$151,943 in 1995 to \$157,733.

Also, during the second half of 1996, Juneau had the highest AHFC single-family sales price at \$193,250, followed by Ketchikan at \$188,667. Fairbanks had the lowest average price at \$115,487, with Kenai second at \$118,096.

For non-AHFC lenders, Juneau (\$190,834) and Ketchikan (\$175,237) were the most expensive, while Kenai (\$124,258) and Mat-Su (\$126,486) were the least expensive.

- Average loan amounts in 1996 rose for single-family homes from \$112,797 in 1995 to \$117,500, or 4.2%.

During the last six months of 1996, the loan-to-value (LTV) ratio rose for AHFC (86.8% to 89.8%) but fell slightly for other lenders (83.2% to 82.7%) from the prior year. This coincides with the fact that AHFC has focused in financing homes in rural areas where properties are much more expensive than in urban areas.

AHFC protects itself, and its bondholders, through private mortgage insurance and FHA and VA guarantees. Comparing the second halves:

- Total insured residences declined from 74.3% in 1995 to 66.2% due to the 5% loans requiring mortgage insurance in the prior year.

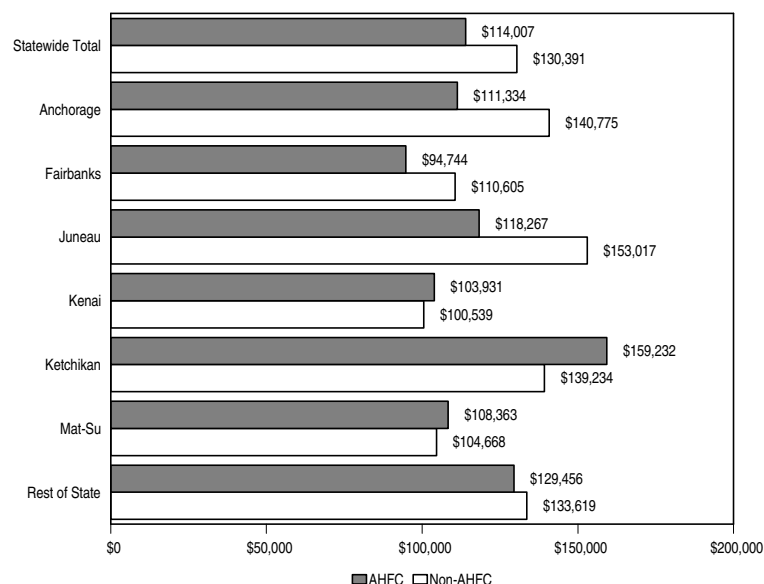
Single-family insured home loans financed by AHFC fell from 73.8% to 64.0%, and condominiums rose from 81.3% to 82.3%. Single-family insured loans decreased from 85.9% to 78.7% for urban homes and increased slightly for rural homes from 16.8% to 19.0%. The comparable figure for condominiums climbed from 81.3% to 82.3%.

AHFC and Non-AHFC Average Loan Amount

Single-Family Homes

July-December 1996

Figure 2-5



Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

Median Sales Prices for Single-Family Homes & Condominiums

Figure 2-6 to 2-8

The 1996 median sale prices increased for single-family homes and condominiums compared to 1995. All structures had higher costs per square foot without a comparable increase in square footage, indicating that material costs were the primary component for the higher prices.

- Median sales price for single-family homes with garage rose from \$126,900 in 1995 to \$131,275, or 3.4%.

Although the structure cost increased for single-family homes with garage from \$96,900 to \$101,338, or 4.6%, homebuyers received less for their money than last year. The median home size fell from 1,461 square feet in 1995 to 1,309, resulting in the price per square foot jumping 15.4% from \$86.89 in 1995 to \$100.29. The land component had little bearing on the overall costs, declining incrementally by 0.2% from \$30,000 in 1995 to \$29,938. With materials costs and interest rates both rising, buyers of single-family homes with garages accepted smaller residences than the prior year. Interestingly, AHFC homeowners had sought smaller homes in 1995 in order to qualify under the 5% Program's ceiling requirements. Compared to 1994, home square footage has fallen by almost one-fourth (23.8%) from 1,717 to 1,309 in 1996, with only a 6.8% corresponding drop in home prices. Comparisons between the second halves for 1995 and 1996 showed the same general trend, with overall price up 3.4%, size contracting 3.9%, and price per square foot up 7.6%.

- Median sales price for single-family homes without garage increased 13.1% in 1996 compared to 1995, from \$91,700 to \$103,700.

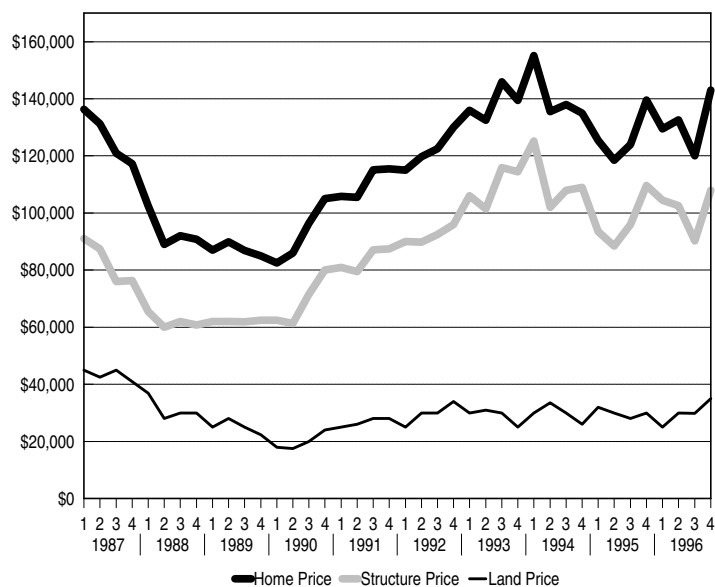
For single-family homes without garage, structure costs accounted for most of the gains, increasing 14.7%, from \$67,325 to \$77,200. Land costs were only \$2,000 higher than 1995. In terms of square footage, home size increased 3.2%, from 1,135 in 1995 to 1,171, but costs-per-square-foot rose 9.6% from \$80.78 to \$88.54. Consequently, homebuyers paid more but received comparably less, similar to homes with garages. This same trend was also reflected in the last-six-month comparison, with 1996 having higher overall prices (15.3%) and costs-per-square-foot (11.6%) exceeding the gains in size (3.3%).

Median Purchase Price of Home, Structure and Land

AHFC Single-Family Homes with Garage, Statewide

1st Qtr 1987 - 4th Qtr 1996

Figure 2-6



Note: Reflects total AHFC urban and rural loans beginning 3rd Qtr 1992. Prior to 3rd Qtr 1992 only urban loans shown.

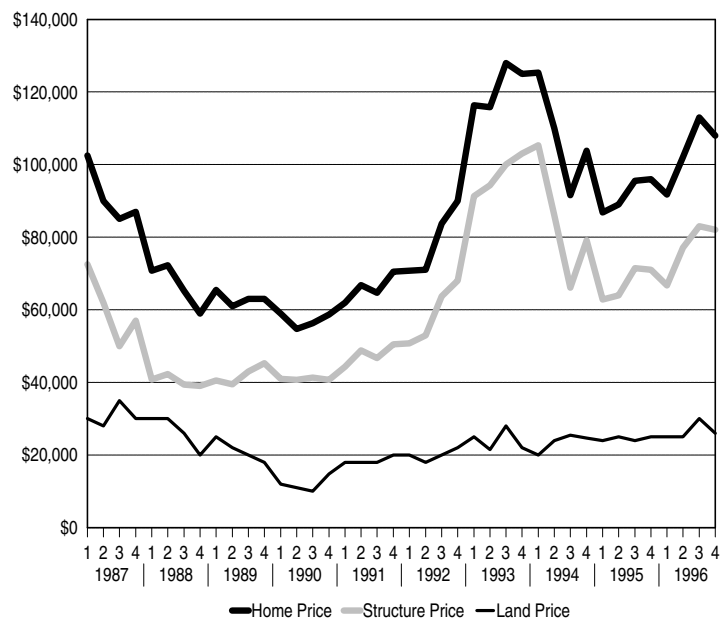
Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

Median Purchase Price of Home, Structure and Land

AHFC Single-Family Homes without Garage, Statewide

1st Qtr 1987 - 4th Qtr 1996

Figure 2-7



Note: Reflects total AHFC urban and rural loans beginning 3rd Qtr 1992. Prior to 3rd Qtr 1992 only urban loans shown.

Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

There was no real difference with condominiums as prices surpassed size, but to a lesser degree than single-family homes.

- Condominiums reported an annual median price change of 3.6% from \$72,425 to \$75,025.

Although for condominiums square footage increased 1.6%, it was more in line with the 1.9% increase in costs-per-square-foot from \$70.85 to \$72.21. The six-month comparison mirrored the annual change, with prices higher by 13.1% and costs-per-square-foot (12.7%) higher than the slight gain (0.4%) in size.

While AHFC found house size shrinking, the average house size on a national level was growing as the average family size was shrinking. According to the National Association of Home Builders, new-home sizes had grown to 1,923 square feet in 1995 from 1,385 in 1970. During the same period, the number of family members dropped from 3.6 to 2.6.

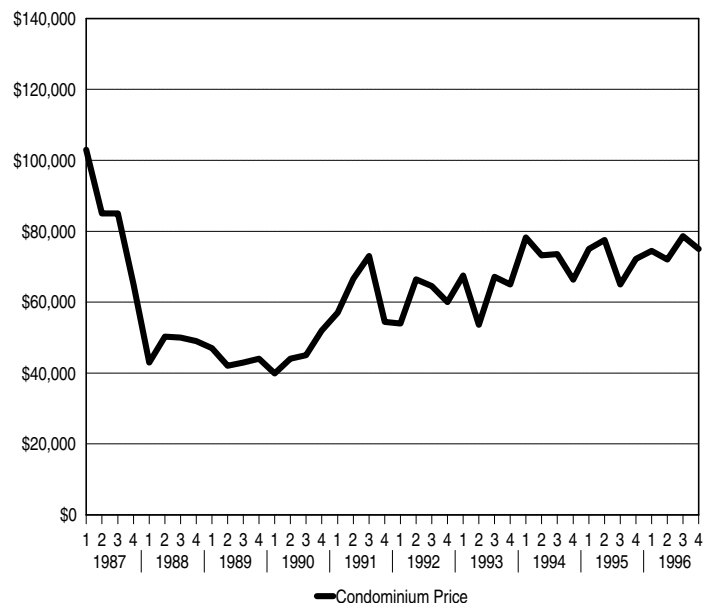
Median Purchase Price of Condominiums

AHFC Condominiums, Statewide

Figure 2-8

1st Qtr 1987 - 4th Qtr 1996

Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.



AHFC Foreclosures, Disposals and REO Inventory

Figure 2-9



AHFC foreclosures, disposals, and real estate owned (REO) inventory all declined during 1996.

- Foreclosures dropped 8.4%, from 95 in 1995 to 87 in 1996.
- Disposals declined from 8.6%, from 105 in 1995 to 96 in 1996.
- REO inventory of all property types fell from the prior-year level, from 53 properties in 1995 to 44 in 1996.

This downward trend was also maintained during the last six months, as foreclosures and disposals fell 5.1% and 8.8% respectively.

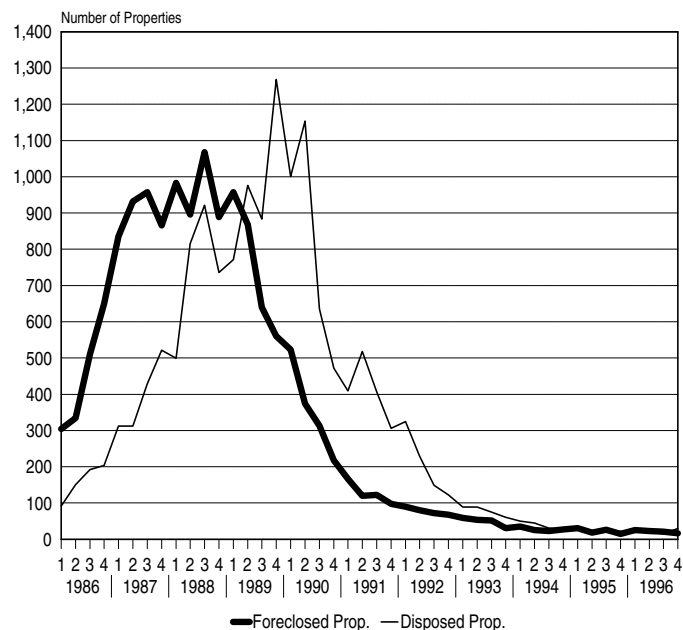
AHFC delinquent mortgage holders (not including mobile homes) increased to 3.7% in December which was up from November's rate of 3.4%, reflecting the slowing Alaska economy. In December, 1995, the delinquency rate was 3.4%. The delinquency rate for mobile homes rose to 10.6% in December, which was higher than the prior year's 9.0%. AHFC's portfolio of mortgages declined 8% in 1996, from 30,365 in 1995 to a total of 28,114 active loans in December 1996.

AHFC Foreclosures and Disposals

Statewide

1st Qtr 1986 through 4th Qtr 1996

Figure 2-9



Source: Alaska Housing Finance Corporation.

AHFC's Performance Excels

Figure 2-9



HFC's credit worthiness was recently upgraded from double-A to triple-A by Standard & Poor's, Moody's, and Fitch Investor Services. This allowed the agency to obtain even more favorable rates when it sold \$434 million in general revenue bonds on March 12, 1997. AHFC remains as an important source of long-term financing for residential mortgages in Alaska.

AHFC also operates low-income and rural housing programs. AHFC owns and operates 1,705 rental units in 14 state locations. Recently, the Corporation was designated by HUD as one of the best public housing authorities in the nation. AHFC's Public Housing Division received the highest score possible under the Public Housing Management Assessment Program. Its perfect score placed it in the top one percent of all public housing authorities.

Section 3

Alaska Multiple Listing Service Information

Listings and Sales Show a Robust Year

Tables 3-1 to 3-6

Similar to the lenders' survey, overall Multiple Listing Service (MLS) activity during 1996 was ahead of 1995 for most surveyed components. Both single-family and condominium activity had higher sales numbers and sales volume.

- Single-family sales increased by 3.4% and sales volume by 9.2%.
- Condominium activity increased by 15.7% in sales and 12.6% in volume.

Listings were down by 13.3% for condominiums but up 8.9% for single-family homes. Average days on the market for single-family homes rose 3.2%, from 111 to 115, but condominium time on the market fell 19.5%, from 128 to 103 days.

- The average sales price for single-family homes rose from \$132,586 in 1995 to \$140,089, or 5.7%.
- Condominium average prices declined 2.7%, from \$82,325 to \$80,125.

The overall performance for the second half of 1996 was much stronger than the prior year. Sales and sales volume rose for single-family homes by 5.7% and 12.2% and for condominiums by 21.4% and 15.6%, respectively.

Based on the surveyed areas, Mat-Su and Anchorage posted the strongest activity in 1996. Anchorage dominated the annual MLS results, accounting for almost three-quarters of the overall single-family home activity and nine out of 10 condominium sales. Both the number of single-family sales (6.1%) and sales volume (10.8%) were higher than the prior year for the Borough. Condominiums also participated in the upswing, with sales gaining 15.1% and sales volume up 13.1%. Average days on the market rose (27.1%) for single-family homes, but fell (31.4%) for condominiums. Sales prices rose 6.1% for homes and edged lower (1.8%) for condominiums.

Mat-Su single-family sales (7.1%) and sales volume (20.4%) were both up compared to 1995. Days on the market remained mostly unchanged, up 1.5%, and listings were up by 19.5%. Reflecting a strong market, sales prices jumped 12.5% from \$97,964 in 1995 to \$110,174. The second half mirrored the annual performance, with all components stronger than 1995.

In 1996, Fairbanks' data indicated little change from 1995 for single-family homes but an increase for condominiums. Single-family home sales fell 2.7%, and sales volume was down 0.4%. Although listings increased 18.7% and days on the market rose 10.3%, sales prices increased from \$107,804 to \$110,366. The condominium market tightened as listings fell 16.2% and sales and sales volume rose 21.8% and 7.0%, respectively. Unfortunately, prices were not able to keep pace and dropped 12.2% from \$71,337 to \$62,668. Based on preliminary numbers, there was a marked increase during the second half of 1996 compared to the prior-year period. Both sales (10.7%) and sales volume (32.1%) rose, and days on the market fell appreciably by 53.2%.

Kenai exhibited the weakest 1996 performance of the MLS areas surveyed. Both sales (14.4%) and sales volume (10.0%) were lower than 1995. There were only 21 more listings than 1995, and days on the market fell by 9.4%. Prices were still able to appreciate by 5.2%, from \$96,492 to \$101,526. The overall performance for the second half of 1995 was much stronger than the prior year. Sales and sales volume rose for single-family homes by 5.7% and 12.2%, and for condominiums by 21.4% and 15.6%, respectively.

Municipality of Anchorage

Single-Family Residential Listings and Sales

Table 3-1

1st Qtr 1992 through 4th Qtr 1996

Source: Anchorage Multiple Listing Service.

Qtr/Yr	Active Listings		Sales Closed			
	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sales/List Price (%)
4Q1996	995	105	799	\$125,108,297	\$156,581	98.13
3Q1996	1,264	98	861	133,201,533	154,706	97.23
2Q1996	1,198	91	837	132,573,864	158,392	97.71
1Q1996	948	105	521	80,345,780	154,215	98.38
4Q1995	1,055	86	683	102,957,448	150,743	98.12
3Q1995	1,231	74	824	124,030,339	150,522	97.97
2Q1995	1,069	71	663	102,995,479	155,348	100.60
1Q1995	858	83	674	91,268,540	135,413	98.34
4Q1994	1,130	128	712	102,721,276	144,271	98.32
3Q1994	1,417	99	753	118,103,522	156,844	102.06
2Q1994	1,154	66	648	109,685,511	169,268	111.31
1Q1994	820	93	601	86,154,566	143,352	98.61
4Q1993	900	91	794	113,498,110	142,945	98.90
3Q1993	1,238	82	894	128,679,270	143,937	98.28
2Q1993	1,347	80	699	96,245,978	137,691	97.77
1Q1993	1,167	121	496	67,176,864	135,437	98.00
4Q1992	1,447	118	683	91,180,682	133,500	98.20
3Q1992	1,882	99	649	88,386,414	136,189	97.64
2Q1992	1,590	102	650	86,490,801	133,063	98.63
1Q1992	1,200	119	444	60,127,233	135,422	97.98

Municipality of Anchorage

Condominium Listings and Sales

Table 3-2

1st Qtr 1992 through 4th Qtr 1996

Source: Anchorage Multiple Listing Service.

Qtr/Yr	Active Listings		Sales Closed			
	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sales/List Price (%)
4Q1996	281	106	152	\$11,985,178	\$78,850	-
3Q1996	335	95	185	15,564,410	84,132	96.82
2Q1996	318	94	202	16,783,791	83,088	96.43
1Q1996	253	105	123	9,878,848	80,316	97.02
4Q1995	298	161	130	11,245,110	86,501	97.70
3Q1995	362	131	150	12,507,000	83,380	97.55
2Q1995	366	144	144	11,053,698	76,762	97.62
1Q1995	341	147	151	13,135,459	86,990	98.39
4Q1994	399	126	173	13,156,701	76,050	98.44
3Q1994	388	91	133	9,772,033	73,474	98.54
2Q1994	343	112	141	11,532,233	81,789	97.30
1Q1994	243	136	114	9,061,221	79,484	97.95
4Q1993	236	132	174	13,991,850	80,413	96.73
3Q1993	350	133	169	12,909,546	76,388	97.81
2Q1993	381	120	163	11,627,154	71,332	96.90
1Q1993	363	141	76	5,148,310	67,741	96.78
4Q1992	359	151	111	9,219,052	83,055	101.72
3Q1992	458	127	111	8,151,100	73,433	96.54
2Q1992	479	111	137	11,275,610	82,304	96.82
1Q1992	321	128	81	4,899,443	60,487	96.63

Kenai Peninsula Borough

Single-Family Residential Listings and Sales

1st Qtr 1992 through 4th Qtr 1996

Table 3-3

Qtr/Yr	Active Listings		Sales Closed			
	Number	Number	Volume (\$)	Avg. Price (\$)	Sales/List Price (%)	Avg. Days on Market
4Q1996	198	59	\$5,988,609	\$101,502	-	121
3Q1996	313	85	8,503,029	100,036	96.10	169
2Q1996	331	85	8,861,408	104,252	97.11	169
1Q1996	269	56	5,581,755	99,674	93.43	177
4Q1995	280	98	9,784,317	99,840	96.12	173
3Q1995	298	99	8,547,032	86,334	96.29	149
2Q1995	276	89	9,022,900	101,381	97.29	182
1Q1995	236	47	4,777,700	101,653	95.29	198
4Q1994	255	78	6,999,688	89,740	96.08	173
3Q1994	313	98	9,570,665	97,660	96.48	144
2Q1994	305	97	9,487,241	97,807	97.10	142
1Q1994	233	91	8,398,078	92,287	96.25	177
4Q1993	230	94	8,303,894	88,339	96.77	178
3Q1993	320	121	12,141,290	100,341	97.93	153
2Q1993	317	100	8,647,725	86,477	88.40	153
1Q1993	269	77	6,460,025	83,896	96.41	179
4Q1992	240	58	4,900,345	84,489	96.95	161
3Q1992	341	93	7,754,755	83,384	96.66	134
2Q1992	324	57	4,263,800	74,804	95.15	131
1Q1992	223	54	4,271,420	79,100	95.52	161

Note: Average days on market are for sales closed and not for listings.

Source: Kenai Peninsula Board of Realtors.

Matanuska-Susitna Borough

Single-Family Residential Listings and Sales

1st Qtr 1992 through 4th Qtr 1996

Table 3-4

Qtr/Yr	Active Listings		Sales Closed			
	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sales/List Price (%)
4Q1996	405	135	176	\$20,265,296	\$115,144	97.12
3Q1996	615	113	186	20,179,075	108,490	97.86
2Q1996	621	105	167	18,170,905	108,808	98.05
1Q1996	431	116	78	8,260,356	105,902	96.53
4Q1995	390	125	155	15,831,229	102,137	97.70
3Q1995	466	112	179	17,161,288	95,873	97.16
2Q1995	481	111	119	11,407,645	95,863	97.66
1Q1995	397	114	114	11,145,209	97,765	97.08
4Q1994	363	117	148	14,082,250	95,150	97.20
3Q1994	497	98	170	16,492,382	97,014	96.71
2Q1994	486	90	151	15,465,607	102,421	96.63
1Q1994	293	119	110	10,310,145	93,729	97.38
4Q1993	271	131	156	14,155,575	90,741	95.89
3Q1993	400	125	181	16,753,698	92,562	97.18
2Q1993	477	117	150	12,972,683	86,485	96.92
1Q1993	415	127	84	7,141,869	85,022	95.99
4Q1992	408	133	128	11,078,468	86,551	96.51
3Q1992	573	126	90	7,343,620	81,596	97.45
2Q1992	619	111	104	8,055,392	77,456	97.12
1Q1992	460	132	87	6,670,318	76,670	96.20

Note: Matanuska-Susitna includes condominiums in quarterly residential sales data. These sales account for a very small proportion of overall activity.

Source: Valley Board of Realtors Multiple Listing Service.

Fairbanks North Star Borough

Single-Family Residential Listings and Sales

Table 3-5

1st Qtr 1992 through 4th Qtr 1996

	Active Listings		Sales Closed				
	Qtr/Yr	Number	Number	Volume (\$)	Avg. Price (\$)	Sales/List Price (%)	Avg. Days on Market
<i>Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listings. Sales and Listing activity reported in previous issues may be revised to include data received after the previous issue publication.</i>	4Q1996	232	170	\$19,465,850	\$114,505	93.25	84
	3Q1996	281	193	21,653,398	112,193	94.25	72
	2Q1996	257	173	18,635,537	107,719	93.87	80
	1Q1996	164	113	11,872,963	105,070	91.66	96
<i>Source: Greater Fairbanks Board of Realtors Multiple Listing Service.</i>	4Q1995	183	153	15,733,821	102,835	93.27	89
	3Q1995	253	201	21,760,251	108,259	96.99	64
	2Q1995	208	175	19,147,942	107,572	95.51	63
	1Q1995	143	138	15,263,504	110,605	97.29	85
	4Q1994	318	186	18,285,120	98,307	95.56	79
	3Q1994	275	221	22,694,773	102,691	96.66	61
	2Q1994	222	166	17,589,109	105,958	98.12	61
	1Q1994	101	139	14,087,103	101,346	97.95	84
	4Q1993	160	231	24,708,625	106,963	97.21	72
	3Q1993	234	233	24,169,070	103,729	97.80	67
	2Q1993	247	149	14,424,312	96,807	97.73	99
	1Q1993	175	92	8,617,602	93,669	96.14	128
	4Q1992	208	241	22,701,437	94,196	97.56	85
	3Q1992	298	247	23,010,541	93,160	97.69	96
	2Q1992	255	168	12,972,210	77,215	97.20	132
	1Q1992	182	160	11,730,685	73,316	97.12	135

Fairbanks North Star Borough

Condominiums and Townhouse Listings and Sales

Table 3-6

1st Qtr 1992 through 4th Qtr 1996

	Active Listings		Sales Closed				
	Qtr/Yr	Number	Number	Volume (\$)	Avg. Price (\$)	Sales/List Price (%)	Avg. Days on Market
<i>Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listings. Sales and Listing activity reported in previous issues may be revised to include data received after the previous issue publication.</i>	4Q1996	15	13	\$819,169	\$63,013	94.59	90
	3Q1996	17	24	1,419,266	59,136	95.09	48
	2Q1996	16	23	1,496,616	65,070	97.40	49
	1Q1996	9	7	463,700	66,242	95.39	238
<i>Source: Greater Fairbanks Board of Realtors Multiple Listing Service.</i>	4Q1995	7	14	930,500	66,464	97.02	158
	3Q1995	19	14	1,092,100	78,007	97.99	137
	2Q1995	22	18	1,217,700	67,650	96.41	63
	1Q1995	20	9	683,250	75,916	95.86	84
	4Q1994	22	11	742,700	67,518	99.45	45
	3Q1994	16	15	1,034,500	68,966	96.72	61
	2Q1994	16	16	959,000	59,937	98.08	91
	1Q1994	8	16	909,900	56,868	97.30	68
	4Q1993	12	13	713,000	54,846	96.19	118
	3Q1993	19	13	998,350	76,796	97.48	68
	2Q1993	21	13	837,490	64,422	97.27	113
	1Q1993	11	7	407,500	58,214	97.48	69
	4Q1992	13	17	1,104,875	64,992	91.96	78
	3Q1992	18	22	1,138,250	51,738	96.81	155
	2Q1992	20	12	520,400	43,366	94.61	179
	1Q1992	16	18	978,900	54,383	133.16	183

Section 4

New Alaska Housing Units

1996 Permit Issuance Exceeds 1995

Table 4-1, Figures 4-1 to 4-4

Total statewide permit issuance in 1996 was the strongest in the past 11 years and mirrored the national trend, which saw housing starts jump 8.8% in 1996 to the highest level in eight years. Regionally in the state, all urban regions participated in the upward rise, but numerous rural areas were below the prior year performance. Although mortgage rates remain favorable and demand is fairly healthy, statewide concerns remain over slowing job growth, industry downsizing, and an uncertain interest-rate environment.

- Statewide building permits issued in 1996 exceeded 1995 by 10.9%. There were 3,516 permits issued in 1996 compared to 3,170 in the prior year.

All urban areas participated in the expansion: Anchorage (14.6%), Fairbanks (8.1%), and Juneau (18.4%). Other areas which reported significant annual gains were Northwest Arctic (344.4%), Bristol Bay (300.0%), Kodiak (166.7%), and Prince of Wales-Outer Ketchikan (76.5%). Areas with significant declines were Wade Hampton (96.1%), Nome (62.8%), Skagway-Yakutat-Angoon (41.7%).

(continued on page 44)

New Housing Units by Type of Structure

For Places Reporting Data, Comparison with 1995 Permit Data

4th Qtr 1996 vs 4th Qtr 1995 and Year-to-Date

Table 4-1

Place	Total New Units				Single Family				Multi-Family				Mobile Home			
	4Qtr 96	4Qtr 95	YTD 96	YTD 95	4Qtr 96	4Qtr 95	YTD 96	YTD 95	4Qtr 96	4Qtr 95	YTD 96	YTD 95	4Qtr 96	4Qtr 95	YTD 96	YTD 95
Aleutians East Borough																
Akutan	0	0	0	7	0	0	0	7	0	0	0	0	0	0	0	0
Cold Bay	8	0	9	3	2	0	3	3	6	0	6	0	0	0	0	0
King Cove	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sand Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aleutians West Census Area																
Atka	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. George	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Paul	0	0	0	20	0	0	0	20	0	0	0	0	0	0	0	0
Unalaska	1	1	19	8	0	1	16	4	0	0	2	4	1	0	1	0
Anchorage, Municipality of																
Anchorage	180	169	1,207	1,053	134	125	860	802	28	8	302	134	18	36	45	117
Bethel Census Area																
Akiachak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aniak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bethel	9	40	60	79	8	40	55	67	0	0	4	12	1	0	1	0
Chuathbaluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Eek	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodnews Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kwethluk	3	0	6	0	3	0	6	0	0	0	0	0	0	0	0	0
Lower Kalskag	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Napaskiak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nunapitchuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Platinum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Quinhagak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bristol Bay Borough																
Bristol Bay	25	1	28	7	17	1	18	2	8	0	8	4	0	0	2	1
Dillingham Census Area																
Clark's Point	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0
Dillingham	0	3	13	9	0	0	13	6	0	3	0	3	0	0	0	0
Ekwok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manokotak	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Togiak	0	0	0	4	0	0	0	4	0	0	0	0	0	0	0	0
Fairbanks North Star Borough																
North Pole	0	0	4	6	0	0	0	6	0	0	0	0	0	0	4	0
Balance of Borough	6	3	224	205	4	3	132	124	2	0	92	81	0	0	0	0
Haines Borough																
Balance of Borough	0	0	6	16	0	0	6	16	0	0	0	0	0	0	0	0
Haines City	2	2	28	8	2	0	13	5	0	0	14	0	0	2	1	3
Juneau Borough																
Juneau	42	62	348	294	25	32	165	182	13	18	162	70	4	12	21	42
Kenai Peninsula Borough																
Homer	2	3	29	31	2	3	25	31	0	0	2	0	0	0	2	0
Kenai	3	2	35	41	3	2	27	37	0	0	8	4	0	0	0	0
Seward	0	1	6	2	0	1	6	2	0	0	0	0	0	0	0	0
Seldovia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soldotna	5	0	26	43	5	0	26	41	0	0	0	2	0	0	0	0
Ketchikan Gateway Borough																
Ketchikan City	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance of Borough	9	42	74	106	6	13	45	67	0	29	26	39	3	0	3	0
Kodiak Island Borough																
Akhiok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kodiak City	16	7	88	33	13	3	42	21	3	4	44	12	0	0	2	0
Old Harbor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Lions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lake & Peninsula Borough																
Newhalen	0	0	0	4	0	0	0	4	0	0	0	0	0	0	0	0
Nondalton	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Heiden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Matanuska-Susitna Borough																
Balance of Borough	0	0	912	709	0	0	894	681	0	0	10	14	0	0	8	14
Palmer	11	24	40	45	11	24	40	45	0	0	0	0	0	0	0	0
Wasilla	0	11	41	74	0	11	32	72	0	0	8	0	0	0	1	2
Nome Census Area																
Diomedes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Koyuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nome	6	3	10	19	4	3	8	13	2	0	2	6	0	0	0	0
Savoonga	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shaktolik	0	23	0	23	0	23	0	23	0	0	0	0	0	0	0	0
Shishmaref	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Unalakleet	0	0	6	0	0	0	6	0	0	0	0	0	0	0	0	0

Source: Alaska Department of Labor, Research and Analysis Building-Permit Survey; Fairbanks Community Research Center; Municipality of Anchorage.

New Housing Units by Type of Structure -cont.

For Places Reporting Data, Comparison with 1995 Permit Data

4th Qtr 1996 vs 4th Qtr 1995 and Year-to-Date

Table 4-1 cont.

Place	Total New Units				Single Family				Multi-Family				Mobile Home			
	4Qtr 96	4Qtr 95	YTD 96	YTD 95	4Qtr 96	4Qtr 95	YTD 96	YTD 95	4Qtr 96	4Qtr 95	YTD 96	YTD 95	4Qtr 96	4Qtr 95	YTD 96	YTD 95
North Slope Borough																
Atkasuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Barrow	6	11	75	82	4	8	65	70	2	3	10	12	0	0	0	0
Kaktovik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nuiqsut	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Point Hope	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wainwright	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northwest Arctic Borough																
Ambler	0	1	0	2	0	1	0	2	0	0	0	0	0	0	0	0
Buckland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kivalina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kobuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kotzebue	0	0	0	6	0	0	0	6	0	0	0	0	0	0	0	0
Noorvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selawik	0	0	40	1	0	0	20	1	0	0	20	0	0	0	0	0
Shungnak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prince of Wales-Outer Ketchikan																
Craig	3	0	17	10	0	0	4	0	0	0	4	4	3	0	9	6
Hydaburg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kasaan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Klawock	0	0	3	4	0	0	2	4	0	0	0	0	0	0	1	0
Thorne Bay	0	0	10	3	0	0	10	3	0	0	0	0	0	0	0	0
Sitka Borough																
City & Borough of Sitka	20	26	56	74	16	26	35	56	4	0	16	17	0	0	5	1
Skagway-Yakutat-Angoon Census Area																
Angoon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hoonah	1	0	6	11	0	0	3	8	0	0	0	0	1	0	3	3
Pelican	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Skagway	1	4	8	11	1	3	7	8	0	0	0	2	0	1	1	1
Yakutat	0	1	0	2	0	1	0	2	0	0	0	0	0	0	0	0
Southeast Fairbanks C.A.																
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Valdez-Cordova Census Area																
Cordova	3	1	5	2	1	1	3	2	2	0	2	0	0	0	0	0
Valdez	2	2	29	21	0	1	12	18	0	0	8	0	2	1	9	3
Whittier	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wade Hampton Census Area																
Alakanuk	0	0	0	21	0	0	0	21	0	0	0	0	0	0	0	0
Emmonak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hooper Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kotlik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pilot Station	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Russian Mission	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheldon Point	0	0	2	0	0	0	2	0	0	0	0	0	0	0	0	0
St. Mary's	0	0	0	30	0	0	0	28	0	0	0	2	0	0	0	0
Wrangell-Petersburg Census Area																
Kake	1	0	1	2	1	0	1	0	0	0	0	0	0	0	0	2
Kupreanof	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Petersburg	7	7	25	25	7	3	19	14	0	4	6	10	0	0	0	1
Port Alexander	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wrangell	1	0	8	11	1	0	3	11	0	0	5	0	0	0	0	0
Yukon-Koyukuk Census Area																
Allakaket	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anderson	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bettles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fort Yukon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Galena	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hughes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Huslia	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Koyukuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
McGrath	0	0	2	0	0	0	2	0	0	0	0	0	0	0	0	0
Nenana	0	0	5	0	0	0	5	0	0	0	0	0	0	0	0	0
Nikolai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nulato	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Ruby	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shageluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tanana	1	0	2	0	1	0	2	0	0	0	0	0	0	0	0	0
Total Reported	375	452	3,516	3,170	272	331	2,636	2,542	70	69	761	432	33	52	119	196

Permitting increased in 1996 for both single-family and multifamily homes, but fell for mobile homes. Single-family homes, comprising three-quarters of total permits, rose from 2,542 in 1995 to 2,636, an increase of 3.7%. Multifamily permits jumped 76.2% from 432 to 761, while mobile homes had issuances drop 39.3% to 119.

Although the bulk of permits were single-family homes in 1996, multifamily permits expanded its share of the market from 1995. Multifamily share rose from 13.6% to 21.6%. Permit share declined for both single-family homes (from 80.2% to 75.0%) and mobile homes (from 6.2% to 3.4%).

Comparisons with the last six months of 1996 and the prior year showed 4.1% more issuances in 1996 than 1995. This was due to multifamily permits, which gained 20.8% over the prior-year period, from 293 permits to 354. As a result, multi-family permitting increased its statewide share of permit types during the second half from 17.6% in 1995 to 20.5% in 1996.

Permit growth was most evident in urban areas, while a number of rural areas posted declines. During 1996, urban permits (Anchorage, Fairbanks, and Juneau) garnered 50.7% of statewide issuances, while the Balance of State had a 49.3% share. This was a reversal in permit share from 1995 when urban permits captured 49.1%, while the Balance of State had 50.9%. Similar to 1995, more than half of the Balance of State share can be attributed to Mat-Su which grew by 19.9% in 1996. Most of the other rural areas reported lower permitting in 1996.

Anchorage accounted for approximately one-third (34.3%) of all permits issued statewide during 1996, which was similar to 1994 and 1995. The Municipality issued the largest number of residential permits in 11 years. Compared to the prior year, Anchorage saw total permits grow 14.6%, with single-family slightly up (7.2%), multi-family more than doubling (125.4%), and mobile homes down by over half (61.5%). Statewide, two out of five multi-family permits were issued in Anchorage during 1996.

Fairbanks continued to expand, with total issuances increasing by 8.1% during 1996; however, its statewide share declined slightly from 6.7% in 1995 to 6.5%. The overall increase in permits from 211 to 228 units was mostly due to a 13.6% gain in multi-family permits, as mobile home permits were unchanged and single-family increased incrementally (1.5%).

Juneau also had an increase (18.4%) in permitting during 1996, and gained in overall share from 9.3% in 1995 to 9.9%. All of the rise could be attributed to the strong growth in multi-family permits, which more than doubled (131.4%) from 70 to 162 units. Single-family permits and mobile-home permits both fell, 9.3% and 50.0%, respectively.

Permits for New Housing Units by Type

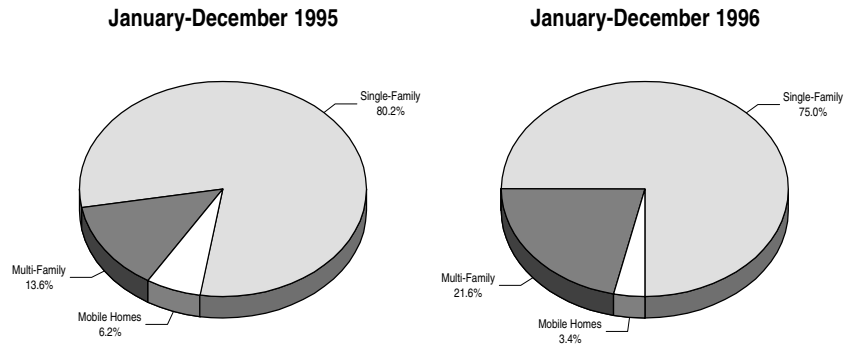
Alaska

Figure 4-1

January-December 1995 & January-December 1996

Note: Includes some units in areas which do not require permits.

Source: Alaska Department of Labor, Research and Analysis Section.



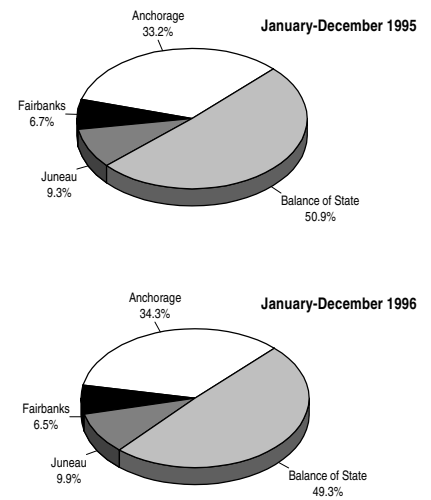
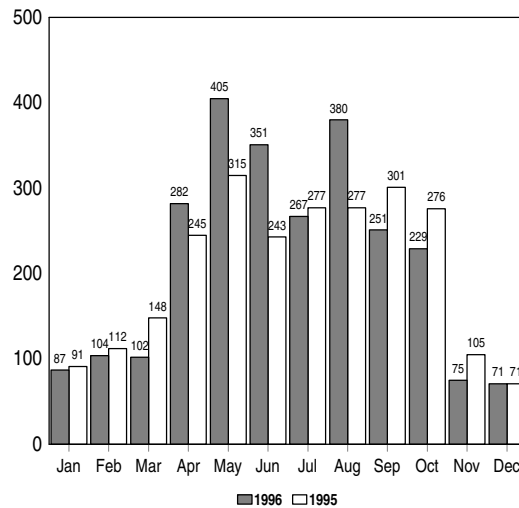
Permits for New Housing Units by Location

Alaska

Figure 4-2

January-December 1995 & January-December 1996

Note: Includes mobile homes.
Source: Alaska Department of Labor, Research and Analysis Section.



Other regional strength in 1996 could be found in Mat-Su, which saw permitting increase 19.9% with similar gains for single and multi-family permits due to the impact of the Miller's Reach fire reconstruction. Kodiak was another area reporting significant gains over 1995. Total permits rose 166.7% from 33 to 88 units, with single-family doubling and multi-family almost quadrupling from 12 to 44 units.

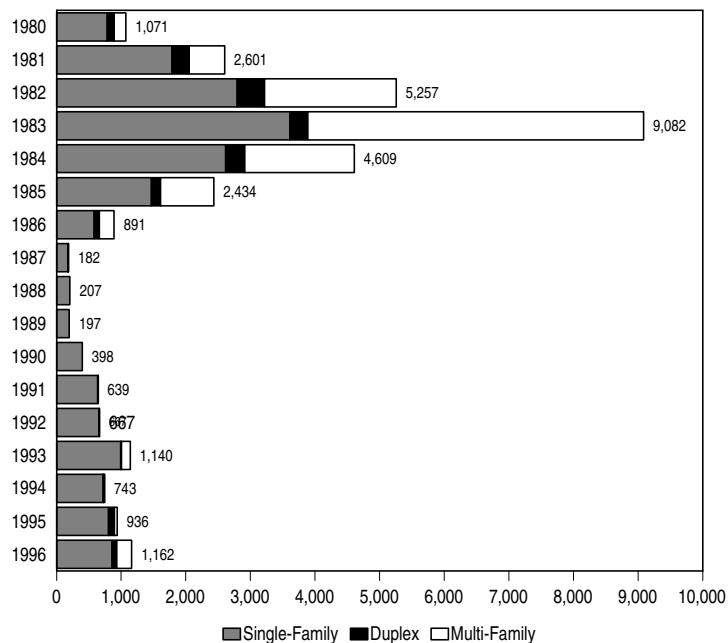
A number of rural areas reporting weakness were mostly due to either rural housing projects being completed or incremental declines from the prior year.

New Housing Units Authorized

Anchorage

January 1980 to December 1996

Figure 4-3



Note: Excludes mobile homes.

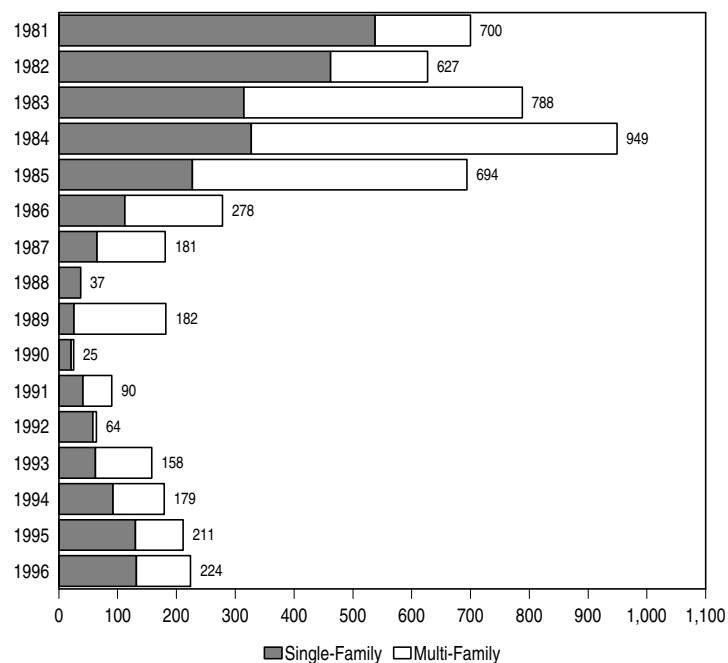
Source: Alaska Department of Labor,
Research and Analysis Section;
Municipality of Anchorage Public Works.

New Housing Units Authorized

Fairbanks North Star Borough

January 1981 to December 1996

Figure 4-4



Note: Excludes mobile homes

Source: Alaska Department of Labor,
Research and Analysis Section;
Fairbanks Community Research Center.

1997 Annual Construction Cost Survey

Introduction

Figure 6-1

In the Spring of 1997, the fifth annual AHFC “market basket” construction-cost survey was conducted. Building-material pricing was collected from construction-supply companies in Alaska, Washington and Oregon for items delivered to theoretical construction sites in urban communities of Anchorage, Fairbanks, Juneau, Kenai, Kodiak, Sitka, and Wasilla, as well as the three rural communities of Barrow, Bethel, and Nome. The survey included building material suppliers from Alaska as well as Washington and Oregon, since many contractors acquire their materials directly from outside of Alaska.

The complete list of materials within the market basket and the quantities of those items used to calculate the cost is shown in Table 6-1. This market basket includes selected construction materials comprising approximately 30% of the total dollar cost of a model single-family residence.

The model house is a 1,973 sq. ft. one story, single-family home with three bedrooms, two bathrooms, and an attached two-car garage. The structure is 2x6 construction, with custom-made roof trusses. The building is sided with cedar clapboards, and asphalt shingles are on the roof. Andersen windows are used throughout the house including the skylights. There is carpet throughout the house, except for vinyl in the bathrooms and laundry room, and ceramic tile in the main entrance.

Since construction techniques, styles, and finishing vary greatly from region to region, the model house may not be a typical construction for certain areas of the state. However, the cost differences among the items included in the market basket are more clear when compared consistently with the same items in the different regions. Also, we should emphasize that the survey market basket includes **only 30% of the total dollar value of the materials** used for the model house, and it doesn't represent the total construction cost.

This year we are featuring a special table (Table 6-2) that shows the prices of windows and doors for the model house. We added this table because doors and windows are an important part of the cost of a house. The table shows the prices of the most commonly used windows and doors in Alaska. As in the case of the market basket, the purpose of this table is to show cost differences among the different regions and not assume that such combination of doors and windows is typical for all regions in the state.

This year, Kodiak and Sitka were included in the survey. While Kodiak is a new survey location, Sitka had been previously surveyed and thus could be included in the time-series analysis. Also new this year is an intercommunity comparison index based upon Anchorage construction-material values.

Future surveys will also include data about the cost of heating and water-heating systems. These systems are a large percentage of the total cost of a house. Altogether, cost data for doors and windows, the market basket of construction materials, and the heating and water-heating systems will complement and add further depth to this survey.

Methodology

Of the numerous vendors surveyed (138) in 1997 by fax and telephone 62 companies responded, Alaska (35), Oregon (9), and Washington (18), and provided itemized pricing for the building-material list. The respondents included the largest building supply companies in Alaska and the Pacific Northwest. The extreme outliers for individual items were removed before averaging the values. Some suppliers provided quotes for higher-quality items than specified. These cases were corrected by either resampling or exclusion from the analysis.

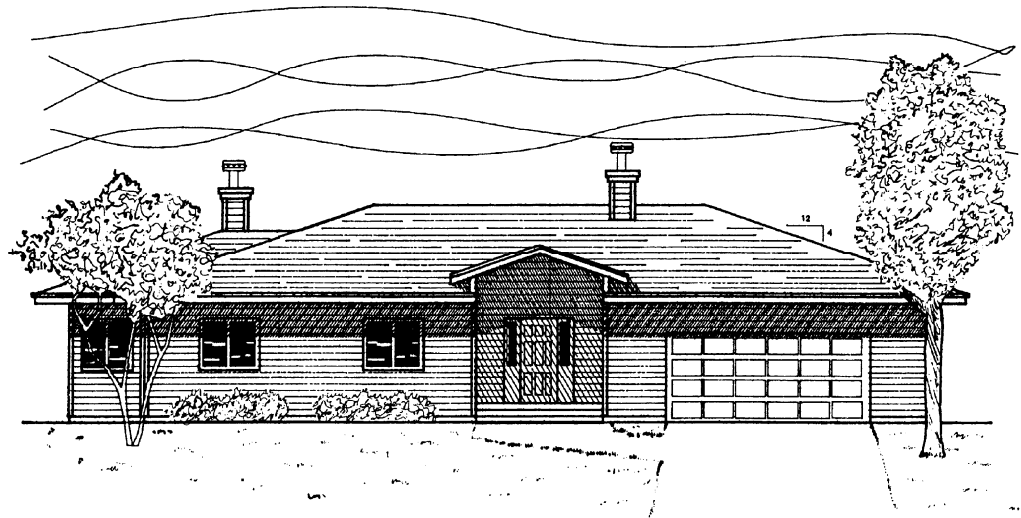
1997 Construction Cost Survey

Model House

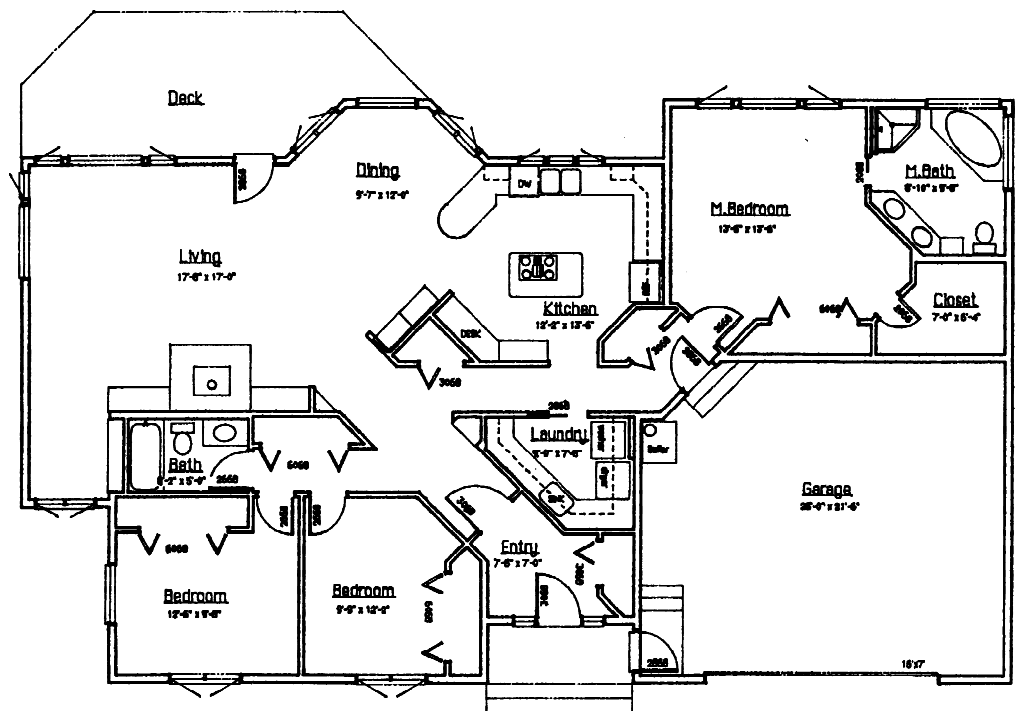
1997

Figure 6-1

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost
Survey" 1997.



FRONT ELEVATION



Floor Plan
1923 SQ. FT.

Major Findings



he 1997 Construction Cost Survey found that:

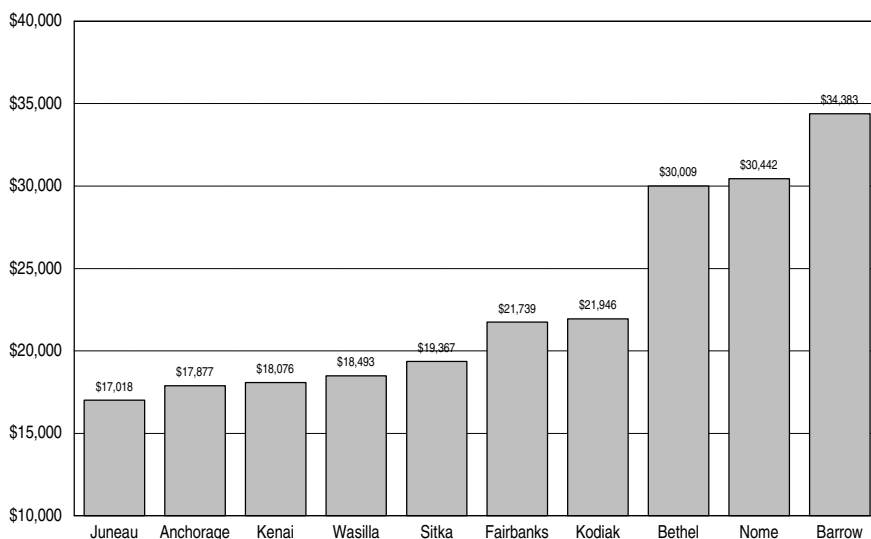
- Juneau remains as the place with the lowest cost of a market basket for construction materials.
- Prices decreased for most rural communities, while slight increases were recorded for most urban areas.
- Rural areas benefited in 1997 from lower transportation costs due to direct access to ports and cheap barge shipping. However, the lack of competition among suppliers and diseconomies of scale keep construction materials almost twice as expensive than in the major urban areas.
- Transportation cost makes up a great part of the cost difference among rural communities.
- While transportation cost for urban areas is also a big component of the total cost of materials, economies of scale, high demand, and supply competition became more important factors in pricing.

Average Cost of Market Basket

Alaska Suppliers (Without Concrete and Rebar)

1997

Figure 6-2



Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1997.

Alaska Suppliers

Table 6-1, and Figures 6-2 , 6-3

As in past years, Juneau showed the lowest relative construction costs (\$17,018), and Barrow was again the most expensive (\$34,383), with a difference of 202%. Fairbanks exhibited the greatest increase (5.2%), followed closely by Juneau (4.6%), while Wasilla and Kenai decreased the most with 9.6% and 8.2%, respectively.

In Juneau, one of the two major building material suppliers required total reconstruction due to a fire, thus possibly causing the slight increase in prices. Fairbanks appears to be one of the fastest developing areas, with residential permits 10% higher than last year. Increasing gold-mining operations and oil-industry-related job relocation from Anchorage to Fairbanks, offering higher paying positions and producing increased housing, may have affected prices. Fairbanks city building officials expected increased remodeling and big facility building, as well as a strong residential season.

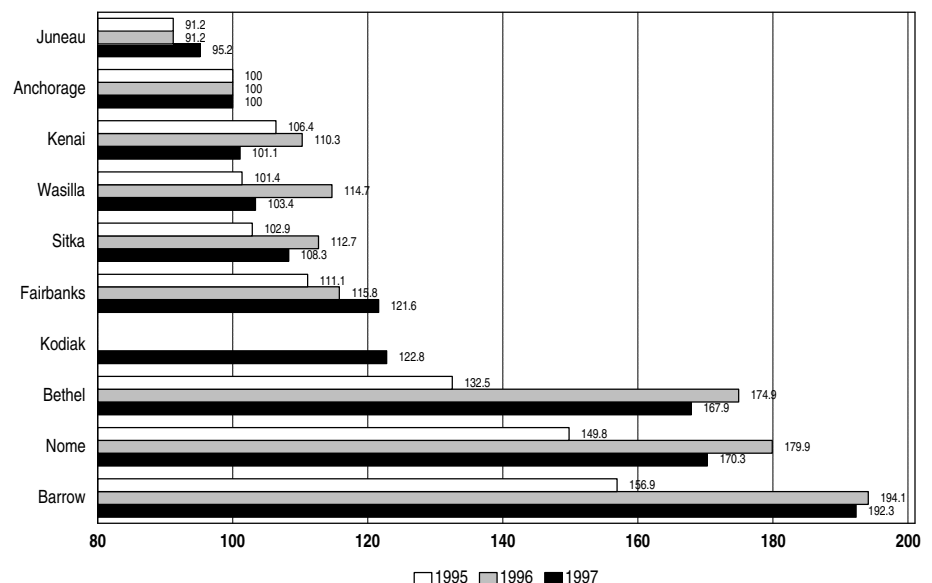
A cost index was prepared for this year's survey (Figure 6-3). The index takes as a baseline Anchorage, and allows an easier visual comparison among the different communities.

Cost of Market Basket Index Comparison Index, with Anchorage as a Baseline (Alaska Suppliers)

Figure 6-3

1995, 1996, & 1997

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost
Survey" 1997.



Average Price for Construction Materials

Alaska Suppliers

1997

Table 6-1

Market Basket Items	Quantity	Size	Length	Juneau	Anchorage	Kenai	Wasilla	Sitka
Concrete	30 yds			\$ 3,450	\$ 2,704	\$ 2,850	\$ 2,775	\$ 4,020
# 4 Rebar	93 pcs	1/2"	20'	374	549	414	483	529
BCI 60 Series	768 ft	14"		1,900	1,919	1,900	1,958	1,905
2-4-1 T&G FF Underlay 4X8	62 pcs	1 1/8		2,231	2,304	2,377	2,282	2,396
CDX 4X8 44#	74 pcs	1/2"		1,005	1,039	1,129	1,073	1,195
CDX 4X8 53#	106 pcs	5/8"		1,597	1,935	1,910	1,929	2,019
Studs #2 & btr Kiln-dried	164 pcs	2X4	92 5/8"	438	446	529	470	518
Studs #2 & btr 14# Kiln-dried	263 pcs	2X6	92 5/8"	1,122	1,175	1,364	1,201	1,362
Cedar Bevel Siding	3548 ft	1X10		2,775	3,078	2,241	3,410	3,513
4X12 Plain Sheetrock 84#	95 pcs	1/2		964	827	949	837	869
4X12 Type X Sheetrock 109#	68 pcs	34827		781	718	849	729	761
3 Tab Shingles Brown	102 pkgs			1,239	1,187	1,425	1,375	1,274
Fiberglass Bat Insulation (2,560 sq ft)	27 bags	R-38X24	96 sq ft	1,416	1,710	1,539	1,696	1,749
Fiberglass Bat Insulation (2,034 sq ft)	35 bags	R-21X15	58 sq ft	990	990	1,419	1,025	1,006
NMB Electric Wire	3 boxes	35035	250'	182	98	112	110	146
Single Breaker	15 pcs	15 Amp		146	134	81	100	121
Copper Pipe Type 'M'	150 ft	3/4"		99	143	135	146	299
ABS Pipe	100 ft	3"		132	176	117	152	234
Total (excluding Rebar and Concrete)				\$ 17,018	\$ 17,877	\$ 18,076	\$ 18,493	\$ 19,367
Total (including Rebar and Concrete)				\$ 20,841	\$ 21,130	\$ 21,340	\$ 21,751	\$ 23,917

Market Basket Items	Quantity	Size	Length	Fairbanks	Kodiak	Bethel	Nome	Barrow
Concrete	30 yds			\$ 2,730	\$ 4,890	*	*	*
# 4 Rebar	93 pcs	1/2"	20'	499	611	*	*	*
BCI 60 Series	768 ft	14"		2,177	2,147	\$ 2,660	\$ 3,007	\$ 3,330
2-4-1 T&G FF Underlay 4X8	62 pcs	1 1/8		2,663	2,638	3,572	2,913	3,792
CDX 4X8 44#	74 pcs	1/2"		1,215	1,307	1,752	2,088	1,803
CDX 4X8 53#	106 pcs	5/8"		2,230	2,257	3,170	3,601	3,328
Studs #2 & btr Kiln-dried	164 pcs	2X4	92 5/8"	570	603	772	785	866
Studs # 2 & btr 14# Kiln-dried	263 pcs	2X6	92 5/8"	1,508	1,410	1,947	1,932	2,004
Cedar Bevel Siding	3548 ft	1X10		4,127	3,938	4,540	4,670	4,889
4X12 Plain Sheetrock 84#	95 pcs	1/2		966	1,208	2,586	2,195	2,865
4X12 Type X Sheetrock 109#	68 pcs	34827		976	1,026	2,298	2,289	2,436
3 Tab Shingles Brown	102 pkgs			1,423	1,622	2,912	2,467	4,811
Fiberglass Bat Insulation (2,560 sq ft)	27 bags	R-38X24	96 sq ft	2,121	1,970	1,911	2,315	2,180
Fiberglass Bat Insulation (2,034 sq ft)	35 bags	R-21X15	58 sq ft	1,149	1,212	1,283	1,449	1,356
NMB Electric Wire	3 boxes	35035	250'	150	127	101	114	191
Single Breaker	15 pcs	15 Amp		155	141	186	163	182
Copper Pipe Type 'M'	150 ft	3/4"		148	167	139	184	148
ABS Pipe	100 ft	3"		161	170	179	269	203
Total (excluding Rebar and Concrete)				\$ 21,739	\$ 21,946	\$ 30,009	\$ 30,442	\$ 34,383
Total (including Rebar and Concrete)				\$ 24,969	\$ 27,447	*	*	*

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost
Survey" 1997.

Cost of Doors and Windows from Alaska Suppliers

Table 6-2

The cost of doors and windows from Alaska suppliers curiously didn't coincide with the total cost of the market basket. Although most of the northern communities seem to have the most expensive doors and windows, Fairbanks was the most expensive place to get these items. In Fairbanks, the cost is about 60% or \$2,673 more than in Kenai, which recorded the lowest cost.

The high prices in Fairbanks may be reflecting a demand increase due to a much expected economic boom in that area, and to the transportation cost involved when there is not a direct access to a port. Kodiak surprisingly was ranked as one of the least expensive places, just after Kenai and Sitka. Interestingly, Juneau, one of the cheapest places for construction materials since the survey's inception, fell among the most expensive northern communities of the state.

Average Price for Doors & Windows Alaska Suppliers

Table 6-2

1997

Items	Quantity	Size	Kenai	Sitka	Kodiak	Wasilla	Anchorage
R7 Metal Insulated Doors with 6" Jamb	2 pcs	3'	\$ 375	\$ 499	\$ 469	\$ 351	\$ 343
Window 5.7 E-Gress Argon, w/R >3.0 Vinyl Casements	3 pcs	2.6' x 3'	561	508	590	629	623
Window 5.7 E-Gress Argon, w/R >3.0 Vinyl Casements	6 pcs	2.6' x 4'	1,245	1,280	1,322	1,399	1,337
Window 5.7 E-Gress Argon, w/R >3.0 Vinyl Casements	2 pcs	8' x 4'	1,007	968	1,071	1,092	1,215
Total Cost of Windows & Doors			\$ 3,187	\$ 3,255	\$ 3,452	\$ 3,472	\$ 3,519

Items	Quantity	Size	Juneau	Barrow	Nome	Bethel	Fairbanks
R7 Metal Insulated Doors with 6" Jamb	2 pcs	3'	\$ 456	\$ 513	\$ 579	\$ 553	\$ 566
Window 5.7 E-Gress Argon, w/R >3.0 Vinyl Casements	3 pcs	2.6' x 3'	713	763	777	944	939
Window 5.7 E-Gress Argon, w/R >3.0 Vinyl Casements	6 pcs	2.6' x 4'	1,563	1,723	1,670	1,947	1,973
Window 5.7 E-Gress Argon, w/R >3.0 Vinyl Casements	2 pcs	8' x 4'	1,487	1,532	1,518	1,595	1,663
Total Cost of Windows & Doors			\$ 4,219	\$ 4,531	\$ 4,544	\$ 5,040	\$ 5,141

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1997.

Comparing Alaska with Pacific Northwest Suppliers

Table 6-3 and Figure 6-4

The cost of building materials (excluding concrete and rebar) in Alaska, Oregon, and Washington was also compared to each other. Consistent with last year's trends, purchasing goods from Oregon and Washington suppliers for rural Alaska sites was less costly than purchasing directly from regional vendors. Nevertheless, with problematic shipping and building conditions constrained by weather, contractors may prefer buying locally at higher prices in exchange for improved quality control, readily available materials, and customer service. Of the urban areas, only Kodiak and Sitka showed higher values for purchasing locally than through Oregon or Washington suppliers.

The averages supplier's on-site pricing (without concrete, rebar, and carrier costs) increased from 1995 to 1996 and decreased for 1997 in both Oregon and Washington as well as in rural Alaska. The Alaska urban averages stayed pretty much the same. Arctic barge pricing, negotiated through the same carrier using the same building materials list (same quantities, volume, and weight), exhibited large variations over last year's values. The trucking cost from Portland to Seattle increased from \$825 in 1995 to \$893 in 1996.

Average Price for Construction Materials

Oregon & Washington Suppliers (Without Concrete)

1997

Table 6-3

Market Basket Items	Quantity	Size	Length	Oregon	Washington
# 4 Rebar	93 pcs	1/2"	20'	\$ 297	\$ 320
BCI 60 Series	768 ft	14"		1,569	1,592
2-4-1 T&G FF Underlay 4X8	62 pcs	1 1/8		1,843	1,987
CDX 4X8 44#	74 pcs	1/2"		837	854
CDX 4X8 53#	106 pcs	5/8"		1,458	1,536
Studs #2 & btr Kiln-dried	164 pcs	2X4	92 5/8"	359	422
Studs #2 & btr 14# Kiln-dried	263 pcs	2X6	92 5/8"	936	1,106
Cedar Bevel Siding	3548 ft	1X10		2,514	2,440
4X12 Plain Sheetrock 84#	95 pcs	1/2		594	609
4X12 Type X Sheetrock 109#	68 pcs	34827		503	509
3 Tab Shingles Brown	102 pkgs			867	829
Fiberglass Bat Insulation (2,560 sq ft)	27 bags	R-38X24	96 sq ft	1,315	1,509
Fiberglass Bat Insulation (2,034 sq ft)	35 bags	R-21X15	58 sq ft	788	813
NMB Electric Wire	3 boxes	35035	250'	84	96
Single Breaker	15 pcs	15 Amp		63	87
Copper Pipe Type 'M'	150 ft	3/4"		104	117
ABS Pipe	100 ft	3"		99	110
Total (excluding Rebar)				\$ 13,934	\$ 14,614
Total (including Rebar)				\$ 14,231	\$ 14,934

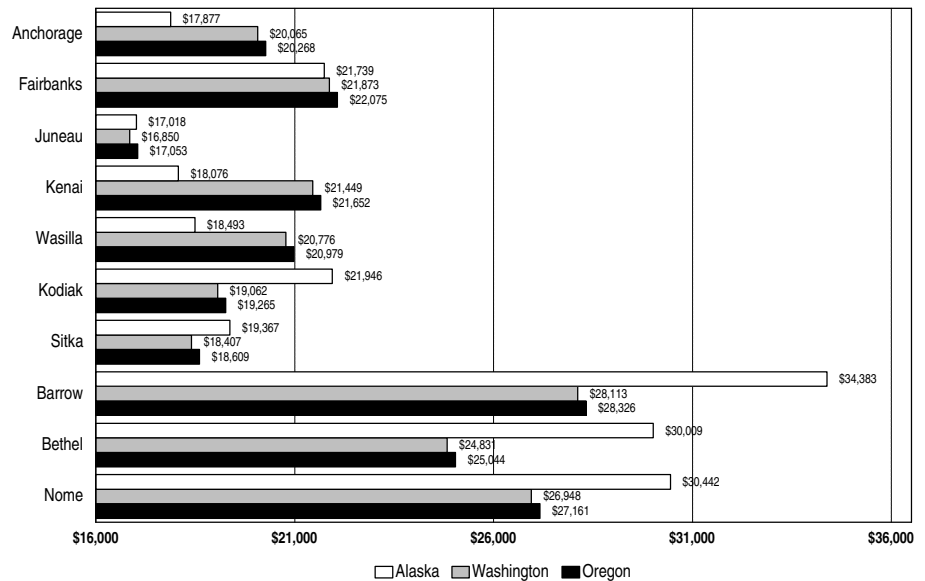
Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1997.

Average Cost of Market Basket Regional Suppliers (Without Concrete and Rebar)

Figure 6-4

1995, 1996, & 1997

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost
Survey" 1997.



Transportation Costs

Table 6-4

The transportation pricing was determined by selecting from a pool of 15 carriers whose organizations offered the most economical services. The rural barging expenses were highly variable, but they were in approximate alignment with the values reported in 1995. Though shipping and handling costs should have only increased by 5% per year, and the carrier industry generally quantifies its service pricing by quoting from rate tables, the deregulation of the shipping industry generates a certain pricing flexibility to accommodate supply-and-demand forces. Nevertheless, the Jones Act impacts rates and services by requiring Canadian carriers, looking to break into the lucrative rural shipping industry, to make only one Alaska port delivery per trip.

Transportation Cost of Market Basket

Shipping & Handling (Without Rebar)

1997

Table 6-4

Destination	Seattle	Portland
Juneau	\$2,304	\$3,197
Sitka	3,880	4,773
Kodiak	4,548	5,441
Anchorage	5,580	6,473
Wasilla	6,304	7,197
Kenai	6,987	7,880
Fairbanks	7,420	8,313
Bethel	10,217	11,110
Nome	12,334	13,227
Barrow	13,499	14,392

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost
Survey" 1997.

Section 6

Factors Affecting Housing Demand and Supply

Alaska's Economy in 1996

Alaska's economy grew for the ninth consecutive year in 1996, but at a very slow 0.5%. This was the slowest job growth for Alaska in the 1990s. Job growth has continued to slow the past three years, with 1996 growth almost half of 1995's growth (1.1%) and only one-quarter of the growth experienced in 1994 (2.5%). Wage and salary jobs during the past year rose from 262,000 in 1995 to 263,200. The additional 1,200 jobs in 1996 did not match the 5,000 jobs a year added to the Alaskan economy from 1990-1994. Regionally, Anchorage reported employment growth falling from 0.3% in 1995 to 0.1%, while Southeast dropped from 2.3% in 1995 to 0.6%. Fairbanks employment rose from 1.8% in 1995 to 2.1%. Similar to 1994, industry sectors which declined and contributed to the slowdown were fishing, timber, federal government, and oil and gas. The service industry was one of the major contributors to job growth in 1996, followed by retailers and hard rock mining. Although residential building reported healthy activity, the construction sector posted an overall decline in 1996 due to a drop in heavy construction associated with oil and gas construction. This sector had experienced three years of solid growth.

Statewide Outlook for 1997

The annual statewide employment growth rate for 1997 is currently forecasted at 0.6%, which would be slightly ahead of 1996's meager performance of 0.5%. Overall construction activity should total \$1.5 billion, with \$600 million in state public works, \$300 million in federal projects, and \$600 million in private development, according to the Associated General Contractors' Alaska chapter. The chapter's report stressed that the private-sector forecast should be viewed cautiously. If Alaska's economic outlook for 1997 continues its slow pace of 1996, the housing market may see a retreat from the prior year's level of activity. The last of the pent-up demand may have been satisfied in 1996.

The demand for housing depends on several important factors, including interest rates, employment growth, and income growth. At the regional level, there are only minor variations in interest rates, but employment and income growth can greatly vary. A forecasted period of lower employment and income growth means that people are not being added to the ranks of potential homebuyers at a rapid rate. As the economy's most rate-sensitive sector, the housing sector will also be the first to slow down if interest rates rise.

Nationally, incomes have not kept up with rising house prices in the past 20 years, and it is becoming more difficult to be a homeowner, according to the National Association of Home Builders. In 1976, almost one-half of all families could afford to buy a median-priced home. In 1996, only one-third could make the purchase. The Bureau of Labor Statistics has recently reported that Alaska had the slowest income growth in the nation during 1995, and state economists were expecting 1996 results to be not much different. Income growth is a reflection of employment growth and an important catalyst to housing demand. Since both income and employment currently appear fragile, coupled with the prospects of higher home prices and interest rates, one cannot be overly optimistic toward housing activity and affordability for the upcoming year.

Regional Outlook for 1997

Regionally, the three major urban areas are expecting continued slower growth in 1997. Anchorage employment growth is forecast to rise incrementally from 0.1% in 1996 to 0.3%. Fairbanks will remain strong, with employment rising from 2.1% in 1996 to 2.4% as construction continues on the state's largest project, the Fort Knox gold mine. In Southeast, the closure of the Ketchikan pulp mill will negatively impact the overall employment picture, with growth dropping from 0.6% in 1996 to 0.1% in that region. The Alaska Department of Labor's long-term, statewide employment forecast projects resource-extraction-industry jobs contracting, with lower-paying service and retail jobs expanding over the next few years.

Anchorage's economic outlook will remain slow but steady. There will continue to be losses in government jobs and construction employment. Both federal and state agencies will probably face cuts, but will be partially offset by municipal employment growth as a result of new schools being built and new law-enforcement efforts. Construction jobs will decline due to major projects being completed, but the sector will still benefit from expansion in air-cargo facilities. United Parcel Express completed its new facility in 1996, and the \$38 million expansion of the Federal Express parcel sorting center is due to be completed in the fall of 1998. The new space will mean 100 new workers added to the 550 people already employed. The Municipality will also profit from growth in tourism, which will spur additional hotel construction and other tourist-related development. Both the trade and service sectors should provide continued strong job growth in 1997.

Although Fairbanks' economy has been fueled by corporate moves and a resurgence of gold mining, real estate and building professionals remain cautious. The recently announced move of Alyeska Pipeline Service Company to Fairbanks, coupled with plans by Pacific Telecom to move its headquarters as well, means construction of new corporate offices and several hundred jobs in Fairbanks. Other projects contributing to the outlook are increased road construction and an expanding tourism industry. The state's major mining project in 1996, the Fort Knox gold mine, is now in commercial production. Production has been increasing and averaged 32,300 tons in March, but it expects to ramp up to 36,000 tons daily by midyear. AMAX, the parent company, said that it has started an exploration program at the mine to increase its gold reserves, now estimated at 4.1 million ounces.

Southeast will face the impacts of the Ketchikan pulp mill closure on March 24 after 43 years of operation. Although the Forest Service will allow

Ketchikan Pulp Co. to operate two sawmills for three years and preserve about 500 jobs for that period, the effects will be far reaching. The elimination of the Borough's largest private employer will impact other parts of the economy with reduced retail sales, lower municipal revenues, diminished construction, and increased unemployment. Increases in tourism and possible new uses for the pulp-mill facility may temper the declines. For Juneau, growth in tourism continues to bolster the economy, with a record-breaking 462,000 cruise-ship passengers coming through the city in 1996 and higher projections for 1997. The Borough will see a number of developments which augment the ever-growing tourism infrastructure.

Industry Outlook for 1997

Although growth will be modest, most industries remain positive for 1997, with improvement in the oil industry, and growth in mining and tourism. The oil industry, having recently downsized, may begin to stabilize in 1997, as producers forecast steady production levels over the next decade. With future petroleum prospects improving, the state revenue picture could become firmer if new discovery assumptions prove accurate. The additional upsurge in production will depend on the widespread application of new technologies, the expansion of proven reserves, the planned spread of pipeline infrastructure, and the formation of new inter-company and company-contractor alliances.

Hard-rock mining continues to project improved exploration activity, increased development spending and mineral production for 1997. Approximately three-quarters of the increase in exploration spending was for precious metals. Recently, the Department of Natural Resources has released new high-definition geophysical maps that will help geologists spot gold and other valuable mineral accumulations. Mining companies had eagerly awaited the maps, which should further fuel the recent boom in mining exploration. The greatest exploration activity in 1996 occurred near Fort Knox Mine near Fairbanks, Kuskokwim River valley, Donlin Creek near Crooked Creek, and near Nixon Fort Mine near McGrath.

Tourism continues to shine, with visitor numbers up between five and eight percent for the past number of years. Last year, there were over 1.2 million visitors to the state. For 1997, this figure is expected to grow and generate additional revenue into the state economy. The industry is estimated to employ over 27,000 people during the peak season, which would make it the state's second-largest private-sector employer.

Although the market situation has improved for fisheries, the 1997 salmon season is projected to decline slightly from 176 million fish in 1996 to 171 million. The 1995 harvest was an all-time high of 218 million fish. Inventories are down for canned salmon, but better prices are still uncertain as wholesale buyers and retail consumers have become conditioned to lower prices and may resist any increases. The new quota system for halibut and black cod will provide strength to those markets in 1997.

The closing of the Ketchikan Pulp Co. Mill will be a severe blow to the timber industry, with a direct loss of 500-550 jobs, and perhaps another 500 jobs that support the mill's activities or rely on workers' spending. Currently, a tentative deal will salvage the Ward Cove and Metlakatla sawmills and allow operation for three years, with Ketchikan Pulp receiving 310 million board-feet of timber. Sealaska Corp. has reduced timber harvests to develop more sustainable yields. As a result, timber exports for 1997 will drop because of the declines in the Southeast Alaska timber industry.

Future Housing Concerns

With the Alaska economy facing a slowdown in some areas, lower employment growth, higher building costs and interest rates, and reduced affordability, the housing sector may become vulnerable to a higher rate of delinquencies and foreclosures. Although the economy is not as highly leveraged as 1986-87, one of the primary concerns to lenders and builders would be the rising trend of consumer debt and bankruptcies. This will be especially onerous if interest rates continue to rise during 1997. Currently, the ratio of consumer credit on a national level (loans to households for financing goods and services plus refinancing existing debt) to disposable income has climbed to 21.1%, the highest rate ever. This explosion of consumer debt now threatens to endanger home equity and principal, the major investment in most households.